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Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

Public accounts of Canada

1990

Volume I

Summary Report and Financial Statements



Canada



Government
of Canada

Gouvernement
du Canada

Prepared by the
Receiver General for Canada

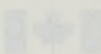
public accounts of canada

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Canada



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To His Excellency

The Right Honourable Ramon John Hnatyshyn,
P.C., C.C., C.M.M., C.D.,
*Governor General and
Commander-in-Chief of Canada.*

MAY IT PLEASE YOUR EXCELLENCY:

The undersigned has the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 1990.

All of which is respectfully submitted.

Gilles Loiselle,
President of the Treasury Board.

OTTAWA, OCTOBER 2, 1990

*To The Honourable Gilles Loiselle,
President of the Treasury Board.*

In accordance with the provisions of Section 64(1) of the Financial Administration Act, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 1990, to be laid by you before the House of Commons.

Respectfully submitted,

Paul Dick,
Receiver General for Canada.

OTTAWA, OCTOBER 2, 1990

*To The Honourable Paul Dick,
Receiver General for Canada.*

Sir:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 1990.

Under Section 64(1) of the Financial Administration Act, the Public Accounts for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I—A financial overview and a ten-year summary of the Government's financial transactions; the financial statements of Canada on which the Auditor General has expressed an opinion, namely, the statements of transactions, of accumulated deficit, of revenue and expenditure, of the assets and liabilities of Canada, and of changes in financial position together with related notes; analyses of budgetary revenue and expenditure, and of asset and liability accounts; and various other statements.

Volume II—Details of the financial operations of the Government, segregated by ministry (Part I); and additional information and analyses (Part II).

Volume III—Contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.

The audited financial statements, contained in Volume I, are for the year ended March 31, 1990.

Respectfully submitted,

Alan Ross,
Acting Deputy Receiver General for Canada.

OTTAWA, OCTOBER 2, 1990

VOLUME 1

TABLE OF CONTENTS

Section

- Introduction
- 1. Financial Overview and Supplementary Financial Information
- 2. Audited Financial Statements of the Government of Canada
- 3. Budgetary Revenue
- 4. Budgetary Expenditure
- 5. Consolidated Accounts
- 6. Loans, Investments and Advances
- 7. Specified Purpose Accounts
- 8. Other Liabilities
- 9. Foreign Exchange Accounts
- 10. Unmatured Debt
- 11. Other Information Related to the Financial Statements
- 12. Index

INTRODUCTION TO THE PUBLIC ACCOUNTS

Nature of the Public Accounts

The Public Accounts is the report of the Government of Canada prepared each fiscal year by the Receiver General as required by Section 64 of the Financial Administration Act.

The report covers the fiscal year of the Government, which ends on March 31, and is prepared from data contained in the accounts of Canada and from more detailed records maintained in departments and agencies. The accounts of Canada is the centralized record of the Government's financial transactions maintained by the Receiver General in which the transactions of all departments and agencies are summarized. Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

Format of the Public Accounts

The Public Accounts is produced in three volumes.

Volume I presents a summary analysis of the financial transactions of the Government. Its content is summarized as follows:

SECTION 1: financial overview and a ten-year summary of the Government's financial transactions;

SECTION 2: audited financial statements of the Government of Canada, prepared in accordance with Section 64 of the Financial Administration Act;

SECTION 3: review of budgetary revenue;

SECTION 4: review of budgetary expenditure;

SECTION 5: analysis of consolidated accounts;

SECTION 6: analysis of loans, investments and advances;

SECTION 7: analysis of specified purpose accounts;

SECTION 8: analysis of other liabilities;

SECTION 9: analysis of foreign exchange accounts;

SECTION 10: analysis of unmatured debt; and,

SECTION 11: analysis of other information related to the financial statements.

Volume II is published in two parts. **Part I** presents the financial operations of the Government, segregated by ministry while **Part II** presents additional information and analyses.

(a) PART I

Part I is designed to reflect as closely as possible the form and content of Part II of the Main Estimates. Most tables and statements in **Part I** display the source and disposition of spending authorities. The content of **Part I** is summarized as follows:

(i) Summary Tables (Section 1)

Section 1 includes tables which provide summaries of the financial operations contained in the ministerial sections. It also includes, as appendices, the full wording of all authorities granted in current year Appropriation Acts, of all authorities granted by statutes other than Appropriation Acts, of all non-lapsing authorities granted in the current year, and of all authorities available from previous years.

(ii) Ministerial Sections (Sections 2 to 30)

There is one section for each ministry. The programs for the departments and agencies for which a Minister is responsible to Parliament are grouped together to provide a total ministry presentation. Each ministerial section provides a statement of program objectives and activity descriptions. Each ministerial section also includes, where applicable, a uniform set of statements to present each ministry's financial operations. These statements are:

• Ministry Summary

This statement displays by program the source and disposition of each budgetary and non-budgetary authority granted by Parliament in Appropriation Acts and other statutes.

• Programs by Activity

This statement displays by program the source and disposition of authorities for each activity under each type of expenditure (operating, capital, transfer payments and non-budgetary).

- *Transfer Payments*

This statement displays by program the source and disposition of authorities for each transfer payment.

- *Details of Amounts Credited to the Vote*

This statement displays by program the nature of revenues and receipts which increase the amounts which may be spent from appropriations having net voting authority.

- *Revenue*

This statement displays by program the nature of revenue collected for each main classification of revenue.

(b) PART II

Part II presents additional information and analyses. The content of **Part II** is summarized as follows:

- financial statements of revolving funds (Section 1);
- financial statements of departmental corporations and other entities (Section 2);

- supplementary information required by the Financial Administration Act (Section 3);
- accounts receivable (Section 4);
- professional and special services (Section 5);
- construction and/or acquisition of land, buildings, works, machinery and equipment (Section 6);
- transfer payments (Section 7);
- public debt charges (Section 8);
- payments of damage claims, ex gratia payments, Federal Court awards and nugatory payments (Section 9);
- federal-provincial shared-cost programs (Section 10);
- other Government-wide information (Section 11); and,
- other miscellaneous information (Section 12).

Volume III contains an annual consolidated report on the businesses and activities of all parent Crown corporations together with a listing of all Crown corporations and other corporate interests of Canada.

SECTION 1

1989-90

PUBLIC ACCOUNTS

Financial Overview and Supplementary Financial Information

CONTENTS

	<i>Page</i>
Introduction	1.2
1989-90—The year in retrospect	1.2
The deficit and net debt	1.2
Factors affecting the deficit	1.3
Factors affecting financial requirements	1.5
Supplementary financial information	1.6
Public Accounts presentation	1.6
National Accounts presentation	1.13
Public Accounts and National Accounts reconciliation	1.14

INTRODUCTION

This section provides an overview of the financial operations of the Government of Canada. The financial statements of the Government are set out in summary form, with comparative figures for the previous ten years. The financial transactions are presented in accordance with the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume.

The statements reflect the accounting basis introduced in the February 1986 Budget, whereby the transactions of certain specified purpose accounts and other accounts are reported as part of budgetary transactions rather than non-budgetary transactions. These include the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Reinsurance Account, the Agricultural Commodities Stabilization Accounts, and other specified purpose accounts. The February 1986 Budget changes also recorded the profits of the Exchange Fund Account on a current basis, concessionary loans to developing countries as budgetary expenditures and reported expenditures net of transactions internal to the Government.

1989-90 - THE YEAR IN RETROSPECT

This part presents an overview of the Government's financial operations. More details are provided under "Supplementary Financial Information" in this section and in the remainder of this volume.

The Deficit and Net Debt

The deficit for fiscal year 1989-90 was \$28,996 million, an increase of \$45 million from the 1988-89 deficit of \$28,951 million and a decline of \$9,516 million from the peak recorded in 1984-85. The increase in the deficit in 1989-90, from that recorded in 1988-89, was primarily due to the transitional impact of the June 1987 tax reform, affecting personal income tax collections, and the impact of higher interest rates on debt servicing costs, which were up \$5,651 million, or 17.0%, over 1988-89. As a percentage of Gross Domestic Product (GDP), the deficit has declined from a peak of 8.7% in 1984-85 to 4.4% in 1989-90.

With the deficit increasing to \$28,996 million in 1989-90, the accumulated deficit, or net debt, stood at \$357,961 million as of March 31, 1990. This represents an increase of 8.8% above the March 31, 1989 level of \$328,965 million, and marks only the second time in the past fifteen years that the growth in net debt has been less than 10%.

Table 1.1 sets out the deficit and net debt over the last ten fiscal years, both in absolute terms and as a percentage of GDP (GDP figures relate to the calendar years ending in those fiscal years). Chart A compares the rate of growth of net debt with the

With the release of these financial statements, the Government is introducing a number of additional accounting changes. These include the consolidation of the financial activities of certain Crown corporations, the establishment of an allowance for the actuarial deficiency of the indexed portion of the Government's employee pension accounts, and the establishment of an allowance for general contingencies in the light of evolving international strategies to address the international debt problem. These accounting changes are in response to the reservations expressed by the Auditor General on the Government's financial statements and address the recommendations of the Standing Committee on the Public Accounts. In addition, non-tax revenue is now being recorded on an accrual basis and outstanding federal bonds issued to the Canada Pension Plan Account are now classified as part of unmatured debt transactions rather than as part of non-budgetary transactions. The financial statements for prior years have been adjusted fully to reflect all these accounting changes.

rate of growth of GDP for the last ten fiscal years. The data for prior years have been adjusted to incorporate the effects of the accounting changes outlined above.

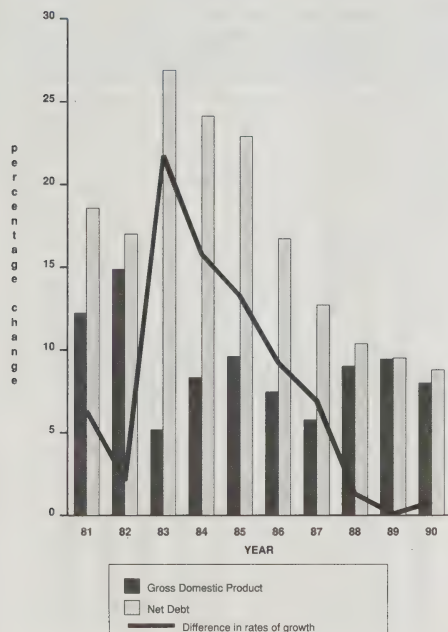
TABLE 1.1

DEFICIT AND NET DEBT (in millions of dollars)

Year ended March 31	Budgetary deficit	% of Gross Domestic Product	Net debt	% of Gross Domestic Product
1981	14,303	4.6	90,987	29.4
1982	15,541	4.4	106,528	29.9
1983	28,734	7.7	135,262	36.1
1984	32,723	8.1	167,985	41.4
1985	38,512	8.7	206,497	46.4
1986	34,583	7.2	241,080	50.4
1987	30,733	6.1	271,813	53.8
1988	28,201	5.1	300,014	54.4
1989	28,951	4.8	328,965	54.5
1990	28,996	4.4	357,961	54.9

CHART A

GROSS DOMESTIC PRODUCT AND NET DEBT



Factors Affecting the Deficit

The increase in the deficit in 1989-90 was primarily due to the transitional impact of the June 1987 tax reform, and the impact of interest rate developments on public debt charges. Interest rates rose significantly during the latter half of 1988-89 and remained high throughout 1989-90. Given the stock of debt, the compounding impact of these interest rate developments resulted in significantly higher public debt charges in 1989-90. Public debt charges increased by \$5,651 million in 1989-90, an increase of 17.0%, following an advance of 14.3% in 1988-89. Largely offsetting the impact of this increase in public debt charges on the deficit were the effects of the continued strength in the economy and the discretionary policy actions introduced in past budgets, which increased budgetary revenues and restrained the growth in program spending.

Budgetary revenues in 1989-90 amounted to \$113,707 million, an increase of 9.3% from the level reported in 1988-89. The increase in 1989-90 largely reflects the continued strength in the underlying tax bases, which has accompanied the growth in the economy, and fiscal measures introduced in past budgets, especially those introduced in the April 1989 Budget.

Personal income tax revenues, the largest component of budgetary revenues, increased by 12.8% in 1989-90, up significantly from the advance of only 2% recorded in 1988-89. The year-over-year increase in personal income tax revenues was distorted by the transitional impacts of tax reform. Personal income tax reform, which became effective January 1, 1988, significantly lowered the statutory tax rates, broadened the tax base by reducing tax preferences, and relieved an additional 850,000 lower-income tax Canadians from paying federal personal income tax through the conversion of tax exemptions into tax credits. As a result, despite a strong growth in employment and personal income, the overall increase in personal income tax revenues was significantly dampened in 1988-89 by the impact of tax reform. However, the results for fiscal year 1988-89 did not reflect the full impact of tax reform, as the withholding tables for source deductions were not changed until July 1, 1988. The delay in adjusting the withholding tables has resulted in larger tax refunds in 1989-90. This impact on personal income tax revenues, however, was offset by the one-time impact of the acceleration initiatives affecting source remittances from large employers and tax instalments from quarterly filers. Adjusting for the impact of these factors, the underlying growth in personal income tax revenues continued to reflect the strength in the economy.

Also contributing to the overall rise in budgetary revenues in 1989-90 were increases in corporate income tax revenue, excise taxes and duties and in non-tax revenue. Corporate income tax revenue rose 11%, despite a decline in corporate profits. The increase was largely attributable to the impact of tax reform introduced in 1988, the introduction of the Large Corporation Tax, and the one-time impact of the acceleration of tax instalment payments. Excise taxes and duties advanced by 9.3%, with most of the increase attributable to the increases in the tax rates introduced in the April 1989 Budget. Non-tax revenue increased by 11.9%, largely reflecting the one-time impact of the net proceeds from the sale of the Air Canada shares and the seigniorage from the sale of the new dollar coins. In contrast, unemployment insurance premium contributions declined by 4.7%, due solely to the reduction in the premium rates in calendar year 1989.

Total budgetary expenditures increased by 7.3% in 1989-90, up from the advance of 5.7% recorded in 1988-89. Of the nearly \$10 billion increase in budgetary expenditures between 1988-89 and 1989-90, 58.3% was attributable to higher public debt charges. Public debt charges, which accounted for 27.2% of total budgetary expenditures in 1989-90, advanced by 17.0%. In contrast, program spending increased by 4.0% in 1989-90, well below the rate of growth in the economy and less than the increase in the rate of inflation, as measured by the consumer price index.

45% of the growth in program spending was attributable to a 6.0% increase in major transfers to persons. This component, which includes elderly benefit payments, unemployment insurance benefits and family allowances, among others, is largely demand-driven or formula-funded. The increase in 1989-90 largely reflects the impact of inflation on the indexation formula and to a lesser extent the changes in underlying population bases. Major transfers to other levels of government advanced by 5.5%, in large part due to increased transfer payments to lower-income provinces under the equalization program and for the cost-sharing social assistance programs under the Canada Assistance Plan. The April 1989 Budget reduction measures restrained the growth in spending in Defence and External Affairs and Aid, as well as in direct transfers to major Crown corporations. All other program spending increased by only 1.9%, largely due to developments in the agricultural and energy sectors, coupled with continued restraint measures affecting the operations of government.

Table 1.2 sets out the levels and changes in revenues, expenditures and the deficit over the last ten years.

TABLE 1.2

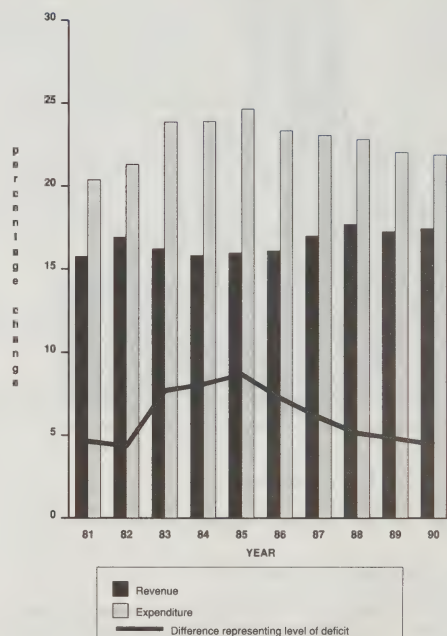
REVENUE, EXPENDITURE AND THE DEFICIT (in millions of dollars)

Year ended March 31	Revenue	% change over preceding year	Expenditure	% change over preceding year	Deficit
1981	48,867	16.6	63,170	18.3	14,303
1982	60,307	23.4	75,848	20.1	15,541
1983	60,662	0.6	89,396	17.9	28,734
1984	64,168	5.8	96,891	8.4	32,723
1985	71,056	10.7	109,568	13.1	38,512
1986	76,933	8.3	111,516	1.8	34,583
1987	85,931	11.7	116,664	4.6	30,733
1988	97,612	13.6	125,813	7.8	28,201
1989	104,067	6.6	133,018	5.7	28,951
1990	113,707	9.3	142,703	7.3	28,996

Chart B compares the levels of revenue and expenditure, expressed as a percentage of GDP, over the last ten years and shows the trend in the deficit over that period.

CHART B

REVENUE AND EXPENDITURE AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT



Factors Affecting Financial Requirements

The Government's net financial requirements reflect not only the difference between budgetary revenues and expenditures, but also the net source of funds generated in non-budgetary transactions. In 1989-90, non-budgetary transactions provided the Government with a net source of funds amounting to \$8,466 million, up \$1,995 million from that provided in 1988-89. Most of the increase was due to the encashment in November 1988 of the accrued interest on the 1981 series of Canada Savings Bonds, which lowered the overall net source of funds in 1988-89.

With the deficit increasing by \$45 million and a higher net source of funds from non-budgetary transactions of \$1,995 million, financial requirements, excluding foreign exchange transactions, declined by \$1,950 million to \$20,530 million. In addition, there were \$697 million of net requirements in 1989-90 for foreign exchange transactions, down considerably from the net requirement of \$5,730 million in 1988-89. As a result, total financial requirements in 1989-90 were \$21,227 million, down \$6,983 million from 1988-89. The 1989-90 requirements were financed by unmatured debt transactions of \$20,906 million (\$28,510 million in 1988-89) and a drawdown in cash balances of \$321 million. Cash balances at March 31, 1990 stood at \$1,512 million.

Table 1.3 sets out the financial requirements over the last ten years, while Table 1.4 sets out the major components of non-budgetary transactions for the same period.

TABLE 1.3
FINANCIAL REQUIREMENTS
(in millions of dollars)

Year ended March 31	Budgetary deficit	Non- budgetary transactions	Financial requirements		
			Excluding foreign exchange transactions	Foreign exchange transactions	Including foreign exchange transactions
1981	-14,303	4,386	-9,917	927	-8,990
1982	-15,541	6,277	-9,264	558	-8,706
1983	-28,734	4,915	-23,819	-640	-24,459
1984	-32,723	7,504	-25,219	414	-24,805
1985	-38,512	8,688	-29,824	2,423	-27,401
1986	-34,583	4,073	-30,510	5,626	-24,884
1987	-30,733	7,815	-22,918	-6,390	-29,308
1988	-28,201	9,352	-18,849	-7,149	-25,998
1989	-28,951	6,471	-22,480	-5,730	-28,210
1990	-28,996	8,466	-20,530	-697	-21,227

Source/requirement (-)

TABLE 1.4
NON-BUDGETARY TRANSACTIONS
(in millions of dollars)

Year ended March 31	Loans, investments and advances	Specified purpose accounts	Other non-budgetary transactions	Total non-budgetary transactions
1981	-169	3,823	732	4,386
1982	-1,506	4,736	3,047	6,277
1983	-502	3,391	2,026	4,915
1984	-464	4,566	3,402	7,504
1985	709	5,100	2,879	8,688
1986	41	5,186	-1,154	4,073
1987	1,386	5,328	1,101	7,815
1988	1,509	6,766	1,077	9,352
1989	1,044	4,900	527	6,471
1990	1,050	6,418	998	8,466

Source/requirement (-)

SUPPLEMENTARY FINANCIAL INFORMATION

This part provides a ten year comparative summary of the Government's financial transactions, both on the Public Accounts basis and on the National Accounts basis. The Public Accounts presentation reflects the accounting policies explained in Note 1 to the audited financial statements in Section 2 of this volume. The National Accounts presentation is designed primarily to facilitate economic analysis of the federal Government sector on a basis consistent with that used in measuring income and expenditure flows in the economy.

Public Accounts Presentation

The "Summary Statement of Transactions" (Table 1.5) provides aggregate data on the major categories of transactions under four main headings: budgetary, non-budgetary, foreign exchange and unmatured debt. The resulting cash position at the end of each year is also shown.

TABLE 1.5

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
SUMMARY STATEMENT OF TRANSACTIONS⁽¹⁾
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
I. Budgetary transactions										
A. Revenue, Table 1.6	48,867	60,307	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707
B. Expenditure, Table 1.7	-63,170	-75,848	-89,396	-96,891	-109,568	-111,516	-116,664	-125,813	-133,018	-142,703
Deficit	-14,303	-15,541	-28,734	-32,723	-38,512	-34,583	-30,733	-28,201	-28,951	-28,996
II. Non-budgetary transactions, Table 1.9										
A. Loans, investments and advances	-169	-1,506	-502	-464	709	41	1,386	1,509	1,044	1,050
B. Specified purpose accounts	3,823	4,736	3,391	4,566	5,100	5,186	5,328	6,766	4,900	6,418
C. Other transactions	732	3,047	2,026	3,402	2,879	-1,154	1,101	1,077	527	998
Net source	4,386	6,277	4,915	7,504	8,688	4,073	7,815	9,352	6,471	8,466
Financial requirements (excluding foreign exchange transactions) ⁽³⁾	-9,917	-9,264	-23,819	-25,219	-29,824	-30,510	-22,918	-18,849	-22,480	-20,530
III. Foreign exchange transactions⁽²⁾, Table 1.10	927	558	-640	414	2,423	5,626	-6,390	-7,149	-5,730	-697
Total financial requirements ⁽³⁾	-8,990	-8,706	-24,459	-24,805	-27,401	-24,884	-29,308	-25,998	-28,210	-21,227
IV. Unmatured debt transactions⁽²⁾, Table 1.10	11,183	9,395	22,418	26,638	26,847	23,770	29,182	22,913	28,510	20,906
Change in cash ⁽⁴⁾	2,193	689	-2,041	1,833	-554	-1,114	-126	-3,085	300	-321
V. Cash balance at end of year, Table 1.10	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512

Details can be found in other sections of this volume.

⁽¹⁾ Consistent with the Statement of Transactions in Section 2 of this volume.

⁽²⁾ The change in unmatured debt payable in foreign currencies, -\$2,645 million in 1989-90 (-\$2,962 million in 1988-89), has been included as part of foreign exchange transactions.

⁽³⁾ Cash requirements (-)

⁽⁴⁾ Cash decrease (-)

TABLE 1.6

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF REVENUE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
I. Budgetary transactions										
A. REVENUE, Section 3										
Tax revenue—										
Income tax—										
Personal	19,837	24,046	26,330	26,967	29,254	33,008	37,878	45,125	46,026	51,895
Corporation	8,106	8,118	7,139	7,286	9,379	9,210	9,885	10,878	11,730	13,021
Unemployment insurance contributions	3,303	4,753	4,900	7,259	7,553	8,719	9,558	10,425	11,268	10,738
Non-resident	867	1,018	998	908	1,021	1,053	1,355	1,162	1,578	1,361
	32,113	37,935	39,367	42,420	47,207	51,990	58,676	67,590	70,602	77,015
Excise taxes and duties—										
Sales tax	5,355	6,148	5,842	6,561	7,592	9,345	11,972	12,927	15,645	17,672
Customs import duties	3,185	3,435	2,828	3,376	3,794	3,971	4,187	4,385	4,521	4,587
Excise duties	1,042	1,175	1,274	1,356	1,462	1,473	1,470	1,459	1,453	2,130
Other	570	564	685	754	850	1,354	1,455	1,567	1,506	1,295
	10,152	11,322	10,629	12,047	13,698	16,143	19,084	20,338	23,125	25,684
Energy taxes—										
Excise tax—Gasoline	453	436	408	386	404	729	1,279	2,286	2,174	2,154
Petroleum and gas revenue tax	27	864	1,960	2,106	2,563	2,037	473	-75	105	57
Excise tax—Aviation gas and diesel fuel						41	213	385	369	260
Natural gas and gas liquids tax	187	998	1,264	524	-15	-15	1		-1	
Oil export charges	842	964	626	347	677	327		1		
Special petroleum compensation charge		473								
Canadian Ownership special charge		786	889	805	850	229	-1	6	-1	
	1,509	4,521	5,147	4,168	4,479	3,348	1,965	2,603	2,646	2,471
	11,661	15,843	15,776	16,215	18,177	19,491	21,049	22,941	25,771	28,155
Other tax revenue	99	120	132	126	107	126	144	207	265	226
Total tax revenue	43,873	53,898	55,275	58,761	65,491	71,607	79,869	90,738	96,638	105,396
Non-tax revenue—										
Return on investments—										
Bank of Canada	1,546	1,944	1,885	1,713	1,858	1,856	1,971	1,871	1,938	2,239
Canada Mortgage and Housing Corporation	839	873	892	941	913	892	866	853	845	822
Farm Credit Corporation	251	296	361	424	463	386	354	326	301	239
Exchange Fund Account	850	711	435	345	224	-505	366	752	1,658	1,661
Interest on bank deposits	318	701	433	395	243	278	219	279	256	278
Other return on investments	605	675	622	448	597	754	479	656	549	611
	4,409	5,200	4,628	4,266	4,298	3,661	4,255	4,737	5,547	5,850
	585	1,209	759	1,141	1,267	1,665	1,807	2,137	1,882	2,461
Other non-tax revenue	4,994	6,409	5,387	5,407	5,565	5,326	6,062	6,874	7,429	8,311
Total non-tax revenue	4,994	6,409	5,387	5,407	5,565	5,326	6,062	6,874	7,429	8,311
Total net revenue	48,867	60,307	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707

TABLE 1.7

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF EXPENDITURE TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
I. Budgetary transactions										
B. EXPENDITURE, Section 4										
Major transfer and subsidy payments—										
Persons—										
Old age security benefits, guaranteed income supplements and spouses' allowances	7,418	8,585	9,643	10,406	11,418	12,525	13,445	14,349	15,202	16,154
Unemployment insurance benefits	4,524	5,446	9,823	9,782	10,052	10,036	10,444	10,487	10,972	11,694
Family allowances	1,851	2,020	2,231	2,326	2,418	2,501	2,534	2,564	2,606	2,653
Veterans benefits	1,006	1,140	1,283	1,387	1,458	1,535	1,586	1,609	1,612	1,708
	14,799	17,191	22,980	23,901	25,346	26,597	28,009	29,009	30,392	32,209
Other levels of Government—										
Fiscal arrangements	3,944	4,750	5,597	5,977	5,985	5,941	6,302	7,007	8,127	8,937
Insurance and medical care services	3,982	4,283	4,060	5,564	6,330	6,400	6,607	6,558	6,678	6,663
Canada Assistance Plan	1,941	2,298	2,832	3,288	3,745	3,916	4,051	4,246	4,556	5,006
Education support	1,600	1,628	1,532	2,065	2,265	2,277	2,232	2,242	2,227	2,166
	11,467	12,959	14,021	16,894	18,325	18,534	19,192	20,053	21,588	22,772
Total major transfer and subsidy payments	26,266	30,150	37,001	40,795	43,671	45,131	47,201	49,062	51,980	54,981
Other program expenditures—										
Defence	5,063	5,989	6,938	7,843	8,762	9,094	9,993	10,769	11,026	11,452
External affairs and aid	1,722	2,079	2,315	2,638	2,911	2,755	3,157	3,703	3,818	3,784
All other government organisations	19,461	22,516	26,239	27,538	31,769	29,095	29,655	33,251	33,025	33,666
Total other program expenditures	26,246	30,584	35,492	38,019	43,442	40,944	42,805	47,723	47,869	48,902
Public debt	10,658	15,114	16,903	18,077	22,455	25,441	26,658	29,028	33,169	38,820
Total net expenditure	63,170	75,848	89,396	96,891	109,568	111,516	116,664	125,813	133,018	142,703

TABLE 1.8

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
COMPARATIVE STATEMENT OF FINANCIAL ASSETS AND LIABILITIES
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
FINANCIAL ASSETS										
<i>LOANS, INVESTMENTS AND ADVANCES</i>										
Enterprise Crown corporations	22,161	23,917	25,752	26,151	25,434	25,551	24,721	23,271	22,537	21,977
Less: allowance for valuation	2,093	2,237	3,760	3,700	3,800	3,700	3,800	3,400	4,200	4,300
.....	20,068	21,680	21,992	22,451	21,634	21,851	20,921	19,871	18,337	17,677
Other	8,467	8,861	9,444	10,018	10,725	10,867	10,311	9,952	10,198	9,208
Less: allowance for valuation	4,539	5,039	5,432	6,001	6,600	7,000	6,900	7,000	6,800	6,200
.....	3,928	3,822	4,012	4,017	4,125	3,867	3,411	2,952	3,398	3,008
<i>Total Net Loans, Investments and Advances</i>	23,996	25,502	26,004	26,468	25,759	25,718	24,332	22,823	21,735	20,685
<i>FOREIGN EXCHANGE ACCOUNTS</i>										
International reserves held in the Exchange Fund										
Account	2,838	3,023	4,636	3,623	4,211	3,459	8,212	14,779	17,422	15,393
International Monetary Fund—Subscriptions	2,961	2,780	2,716	3,995	3,985	4,670	4,936	5,038	4,534	4,474
Less: International Monetary Fund—Notes payable										
and Special Drawing Rights allocations	3,463	3,391	3,323	4,302	4,332	5,151	5,580	5,815	5,186	5,045
<i>Total Net Foreign Exchange Accounts</i>	2,336	2,412	4,029	3,316	3,864	2,978	7,568	14,002	16,770	14,822
<i>ACCOUNTS RECEIVABLE</i>	1,289	1,576	1,514	1,447	1,516	1,590	1,711	1,838	2,157	2,320
<i>CASH IN TRANSIT</i>	1,845	1,829	2,565	1,876	1,882	1,693	1,468	2,322	2,087	2,136
<i>CASH</i>	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512
TOTAL FINANCIAL ASSETS	35,397	37,939	38,691	39,519	38,879	36,723	39,697	42,518	44,582	41,475
ACCUMULATED DEFICIT	90,987	106,528	135,262	167,985	206,497	241,080	271,813	300,014	328,965	357,961
TOTAL	126,384	144,467	173,953	207,504	245,376	277,803	311,510	342,532	373,547	399,436
LIABILITIES										
<i>SPECIFIED PURPOSE ACCOUNTS</i>										
Canada Pension Plan Account(net)	873	1,025	1,173	1,307	1,502	1,773	1,978	2,284	2,540	2,962
Superannuation accounts(net)	27,729	31,443	35,526	39,388	43,690	48,370	53,365	58,788	64,613	70,997
Government Annuities Account	1,193	1,172	1,150	1,124	1,095	1,060	1,024	987	948	907
Deposit and trust accounts	422	1,321	839	1,099	1,353	1,776	1,795	1,747	1,221	1,156
Provincial tax collection agreements										
account	1,471	1,415	1,031	1,308	1,617	1,390	1,447	2,497	1,766	1,398
Other	275	323	371	430	499	573	661	733	834	920
<i>Total Specified Purpose Accounts</i>	31,963	36,699	40,090	44,656	49,756	54,942	60,270	67,036	71,922	78,340
<i>OTHER LIABILITIES</i>	11,283	14,601	17,301	19,947	22,901	21,632	22,629	24,687	25,324	26,534
<i>UNMATURED DEBT</i>										
Payable in Canadian currency	78,364	87,759	110,177	136,815	163,662	187,432	216,614	239,527	267,981	288,887
Payable in foreign currencies	4,774	5,408	6,385	6,086	9,057	13,797	11,997	11,282	8,320	5,675
<i>Total Unmatured Debt</i>	83,138	93,167	116,562	142,901	172,719	201,229	228,611	250,809	276,301	294,562
TOTAL	126,384	144,467	173,953	207,504	245,376	277,803	311,510	342,532	373,547	399,436

TABLE 1.8a

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
STATEMENT OF RETROACTIVE ADJUSTMENTS TO THE ACCUMULATED DEFICIT
(in millions of dollars)

	Year ended March 31								
	1981	1982	1983	1984	1985	1986	1987	1988	1989
Accumulated deficit—as previously reported	85,681	100,553	128,369	160,768	199,092	233,496	264,101	292,184	320,918
Allowance for actuarial liability for									
employee pensions	5,400	6,100	6,700	6,700	6,700	6,700	6,700	6,700	6,700
Allowance for valuation of assets	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Allowance for borrowings of agent Crown corporations ..	615	880	1,145	1,410	1,675	1,940	2,205	2,470	2,735
Accrual of non-tax revenue	-1,289	-1,576	-1,514	-1,447	-1,516	-1,590	-1,711	-1,838	-1,907
Consolidation of specified purpose accounts	-77	-86	-95	-103	-111	-123	-139	-159	-178
Consolidation of Crown corporations	-343	-343	-343	-343	-343	-343	-343	-343	-303
Revised accumulated deficit—end of year	90,987	106,528	135,262	167,985	206,497	241,080	271,813	300,014	328,965

TABLE 1.9

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF NON-BUDGETARY TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
II. Non-budgetary transactions										
A. LOANS, INVESTMENTS AND ADVANCES,										
Section 6										
Enterprise Crown corporations—										
Lending institutions—										
Canada Deposit Insurance Corporation		-200	60	140	-40	-895	-268	-131	-361	320
Canada Mortgage and Housing Corporation	-66	-199	-30	194	364	195	254	234	273	201
Export Development Corporation	19	52	-40	-5	39	64	49	55	25	-75
Farm Credit Corporation	-270	-348	-394	-379	172	214	591	-179	230	104
Federal Business Development Bank	101	125	145	172	157	119	93	51		
	-216	-570	-259	122	692	-303	719	30	167	550
All other enterprise Crown corporations—										
Canadian National Railway Company	-8		-41	-62	2	9	352	29	12	12
Petro-Canada	-440	-840	-1,354	-660						
Other	972	-346	-181	201	23	177	-272	1,391	-178	-2
	524	-1,186	-1,576	-521	25	186	80	1,420	-166	10
Allowance for valuation		144	1,523	-60	100	-100	100	-400	1,050	100
	308	-1,612	-312	-459	817	-217	899	1,050	1,051	660
Other loans, investments and advances—										
Provincial and territorial governments	247	28	-41	35	67	110	89	37	28	-140
National governments including developing countries	-204	-276	-273	-167	-172	-142	124	81	132	696
International organizations (subscriptions less notes) ..	-110	-166	-213	-335	-378	-220	46	15	-24	-70
Veteran's Land Act Fund advances less allowance ..	37	29	28	31	32	31	26	24	20	17
Joint and mixed enterprises	-52	8	-42	7	-93	-61	237	319	36	362
Miscellaneous	-19	-17	-42	-145	-163	140	65	-117	1	125
	-101	-394	-583	-574	-707	-142	587	359	193	990
Allowance for valuation	-376	500	393	569	599	400	-100	100	-200	-600
	-477	106	-190	-5	-108	258	487	459	-7	390
Total loans, investments and advances after allowance for valuation	-169	-1,506	-502	-464	709	41	1,386	1,509	1,044	1,050
B. SPECIFIED PURPOSE ACCOUNTS, Section 7										
Liability accounts—										
Canada Pension Plan Account	150	152	148	134	195	271	205	306	255	422
Superannuation accounts	2,907	3,714	4,083	3,862	4,302	4,680	4,995	5,423	5,825	6,384
Government Annuities Account	-15	-21	-22	-26	-29	-35	-36	-37	-39	-41
Deposit and trust accounts	26	899	-482	260	254	423	19	-47	-518	-65
Provincial tax collection agreements account	728	-56	-384	277	309	-227	57	1,050	-731	-368
Other	27	48	48	59	69	74	88	71	108	86
Total specified purpose accounts	3,823	4,736	3,391	4,566	5,100	5,186	5,328	6,766	4,900	6,418
C. OTHER TRANSACTIONS, Sections 8 and 11										
Accounts receivable	-76	-287	62	67	-69	-74	-121	-127	-30	-163
Cash in transit	-693	16	-736	689	-6	189	225	-854	347	-49
Other liabilities	1,501	3,318	2,700	2,646	2,954	-1,269	997	2,058	210	1,210
Total other transactions	732	3,047	2,026	3,402	2,879	-1,154	1,101	1,077	527	998
Net non-budgetary transactions after allowance for valuation	4,386	6,277	4,915	7,504	8,688	4,073	7,815	9,352	6,471	8,466
Summary—										
Net non-budgetary transactions before allowance for valuation	4,762	5,633	2,999	6,995	7,989	3,773	7,815	9,652	5,621	8,966
Allowance for valuation	-376	644	1,916	509	699	300		-300	850	-500
Net non-budgetary transactions after allowance for valuation	4,386	6,277	4,915	7,504	8,688	4,073	7,815	9,352	6,471	8,466

Source/requirement (-)

TABLE 1.10

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF FOREIGN EXCHANGE, UNMATURED DEBT AND CASH TRANSACTIONS
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
III. Foreign exchange transactions, Section 9										
International reserves held in the Exchange Fund										
Account	1,033	-185	-1,613	1,013	-588	752	-4,753	-6,567	-2,643	2,029
International Monetary Fund—Subscriptions	-930	181	64	-1,279	10	-685	-266	-102	504	60
	103	-4	-1,549	-266	-578	67	-5,019	-6,669	-2,139	2,089
Less: International Monetary Fund—Notes payable ..	-715	2	44	-961	-32	-637	-359	-208	495	126
Special Drawing Rights allocations	-175	70	24	-18	2	-182	-70	-27	134	15
	-890	72	68	-979	-30	-819	-429	-235	629	141
Unmatured debt transactions payable in foreign currencies	-66	634	977	-299	2,971	4,740	-1,800	-715	-2,962	-2,645
Total foreign exchange transactions	927	558	-640	414	2,423	5,626	-6,390	-7,149	-5,730	-697
IV. Unmatured debt transactions, Section 10										
Marketable bonds	7,834	3,000	4,989	7,281	12,379	15,584	13,337	9,928	10,899	10,689
Canada savings bonds	-2,269	9,166	7,663	5,563	3,756	2,285	64	9,014	-5,567	-6,827
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	23	18	17	18	16	240	1,351	696	513	67
Treasury bills	5,445	-2,395	9,750	12,575	10,600	9,650	15,000	4,100	21,650	15,850
Notes and loans	-5	268	863	1,085	2,987	861	-2,823	-1,171	-2,015	-1,734
Canada bills	11,028	10,057	23,282	26,522	29,738	28,620	27,974	22,567	25,566	18,360
Less: Government's holdings of unmatuured debt—										
Marketable bonds	-83	14	-110	172	-122	137	-175	141	-46	107
Canada savings bonds held on account of employees	-6	14	-3	11	42	-27	36	11	10	-36
Canada savings bonds held on account of the Payroll Savings Plan							731	217	54	28
Unmatured debt transactions payable in foreign currencies	-66	634	977	-299	2,971	4,740	-1,800	-715	-2,962	-2,645
	-155	662	864	-116	2,891	4,850	-1,208	-346	-2,944	-2,546
Total unmatuured debt transactions payable in Canadian currency	11,183	9,395	22,418	26,638	26,847	23,770	29,182	22,913	28,510	20,906
V. Cash balance at end of year, Section 11										
In Canadian currency	5,826	6,541	4,193	6,329	5,779	4,566	4,479	1,381	1,708	1,369
In foreign currencies	105	79	386	83	79	178	139	152	125	143
Total cash balance	5,931	6,620	4,579	6,412	5,858	4,744	4,618	1,533	1,833	1,512

Source/requirement (-)

TABLE 1.11

GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
CANADA PENSION PLAN ACCOUNT										
Receipts—										
Employer and employee contributions	2,689	3,282	3,446	3,716	3,879	4,495	4,976	5,583	6,248	7,278
Investment income	1,519	1,850	2,236	2,534	2,889	3,162	3,404	3,669	3,913	4,182
Disbursements—										
Pensions	-2,011	-2,456	-3,036	-3,657	-4,224	-4,887	-5,722	-7,329	-8,445	-9,473
Administration expenses	-67	-76	-85	-89	-100	-111	-140	-135	-134	-145
Net	2,130	2,600	2,561	2,504	2,444	2,659	2,518	1,788	1,582	1,842
Investments—Securities in Investment Fund	-1,980	-2,448	-2,413	-2,370	-2,249	-2,388	-2,313	-1,482	-1,327	-1,420
Total (net) Canada Pension Plan Account	150	152	148	134	195	271	205	306	255	422

TABLE 1.11
GOVERNMENT OF CANADA
PUBLIC ACCOUNTS PRESENTATION
DETAILED STATEMENT OF TRANSACTIONS—CERTAIN SPECIFIED PURPOSE ACCOUNTS—*Concluded*
(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
SUPERANNUATION ACCOUNTS										
Public Service Superannuation Account—										
Receipts—										
Government contribution	288	321	339	349	373	391	398	427	434	426
Employee contributions	314	331	339	362	379	384	410	415	406	456
Public Service corporations—Employer and employee contributions	57	128	232	239	246	246	242	240	248	253
Interest	608	837	981	1,261	1,616	1,993	2,445	2,775	3,075	3,392
Actuarial liability adjustment	559	951	267							
Other	10	14	21	21	21	25	31	31	33	42
Disbursements—										
Annuities	-409	-466	-523	-576	-647	-740	-835	-931	-1,037	-1,142
Other	-61	-65	-45	-42	-49	-65	-77	-116	-159	-118
Change in unamortized portion of actuarial deficiency ...	-104	-375	301	481	356	244	53			
Net	1,262	1,676	1,912	2,095	2,295	2,478	2,667	2,841	3,000	3,309
Canadian Forces Superannuation Account—										
Receipts—										
Government contribution	142	159	183	200	212	223	233	247	255	270
Employee contributions	80	91	105	113	120	125	131	139	142	151
Interest	480	618	755	933	1,125	1,350	1,546	1,782	1,968	2,161
Actuarial liability adjustment	252	454	286	20						
Other	1	1	2	2	2	2	3	2	3	4
Disbursements—										
Annuities	-267	-292	-315	-336	-363	-394	-426	-459	-499	-544
Other	-14	-15	-12	-10	-13	-16	-17	-20	-25	-31
Change in unamortized portion of actuarial deficiency ...	19	-151	20	239	203	152	62	4		-1
Net	693	865	1,024	1,161	1,286	1,442	1,532	1,695	1,844	2,010
Royal Canadian Mounted Police Superannuation Account—										
Receipts—										
Government contribution	44	52	61	65	67	68	72	82	99	71
Employee contributions	22	27	31	34	34	34	37	40	41	43
Interest	59	68	103	127	157	196	237	271	307	349
Actuarial liability adjustment	38	51	5							
Disbursements—										
Annuities	-13	-16	-19	-21	-24	-27	-33	-40	-48	-59
Other	-3	-3	-2	-2	-2	-2	-3	-2	-2	-2
Change in unamortized portion of actuarial deficiency ...	-12	-21	17	22	19	11	1			
Net	135	158	196	225	251	280	311	351	397	402
Supplementary Retirement Benefits Account—										
Receipts—										
Government contribution	74	88	81	94	100	103	111	115	115	130
Employee contributions	75	83	87	94	100	103	111	115	115	129
Public Service corporations—Employer and employee contributions	10	24	43	45	46	47	45	48	50	52
Other	94	159	180	185	260	268	273	332	398	471
Disbursements—										
Annuities	-25	-26	-31	-27	-25	-27	-37	-53	-71	-94
Other	-11	-13	-9	-10	-11	-14	-18	-21	-23	-25
Net	217	315	351	381	470	480	485	536	584	663
Allowance for the actuarial liability for employee pensions	2,307	3,014	3,483	3,862	4,302	4,680	4,995	5,423	5,825	6,384
Total (net) superannuation accounts	2,907	3,714	4,083	3,862	4,302	4,680	4,995	5,423	5,825	6,384
Source/requirement (—)										

National Accounts Presentation

The National Income and Expenditure Accounts were developed as a basis for economic analysis of income and expenditure flows in the economy. The concepts and definitions applied to the Government sector are consistent with those applied to other sectors and follow international practices developed under the aegis of the United Nations. The economic nature of a transaction is the determining factor in its classification within the National Accounts framework.

In 1989-90, the National Accounts deficit increased by \$1,688 million or 7.5% from the 1988-89 level. This reflects an 8.8% increase in revenue and an 8.6% increase in expenditure.

TABLE 1.12

GOVERNMENT OF CANADA

NATIONAL ACCOUNTS PRESENTATION

DETAILED STATEMENT OF REVENUE AND EXPENDITURE TRANSACTIONS

(in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
I. National Accounts transactions^[1]										
A. REVENUE—										
Direct taxes—										
Persons	24,536	30,563	33,213	35,715	37,893	44,218	50,110	56,687	58,871	65,232
Corporations	8,958	8,926	9,292	10,049	11,354	11,418	10,319	11,993	11,797	10,854
Non-residents	932	1,163	1,116	1,051	1,170	1,192	1,449	1,418	1,808	1,407
<i>Total direct taxes</i>	<i>34,426</i>	<i>40,652</i>	<i>43,621</i>	<i>46,815</i>	<i>50,417</i>	<i>56,828</i>	<i>61,878</i>	<i>70,098</i>	<i>72,476</i>	<i>77,493</i>
Indirect taxes	13,467	19,355	16,863	16,789	18,719	18,709	21,814	24,104	25,534	29,127
Other current transfers from persons	16	15	15	16	18	24	23	26	28	32
Investment income	4,792	5,891	4,913	6,567	7,256	7,933	8,066	9,046	10,458	11,417
Capital consumption allowances	837	944	1,008	1,077	1,176	1,255	1,301	1,337	1,408	1,498
Total revenue	53,538	66,857	66,420	71,264	77,586	84,749	93,082	104,611	109,904	119,567
B. EXPENDITURE—										
Current goods and services—										
Defence	5,022	5,689	6,896	7,560	8,447	9,203	9,505	10,247	10,711	11,244
Non-defence	9,494	11,259	12,283	12,603	13,315	14,115	14,608	14,945	15,428	16,209
<i>Total current goods and services</i>	<i>14,516</i>	<i>16,948</i>	<i>19,179</i>	<i>20,163</i>	<i>21,762</i>	<i>23,318</i>	<i>24,113</i>	<i>25,192</i>	<i>26,139</i>	<i>27,453</i>
Transfer payments to persons	17,114	19,776	25,989	28,254	30,440	31,809	33,570	34,799	36,548	38,794
Subsidies	5,824	6,535	5,915	5,825	7,804	5,206	5,489	7,361	5,848	5,538
Capital assistance	733	1,042	3,373	3,239	3,452	2,717	2,414	1,792	1,561	1,642
Current transfers to non-residents	779	944	1,072	1,282	1,541	1,538	1,904	2,249	2,418	2,894
Interest on the public debt	10,544	14,855	16,821	17,900	22,116	25,102	26,385	28,680	32,885	38,542
Transfers to provinces	12,574	14,217	15,902	18,316	20,120	20,270	20,970	22,829	23,967	25,750
Transfers to local governments	303	326	345	528	503	488	520	615	694	774
Gross capital formation	755	1,276	1,310	1,714	2,433	2,175	1,928	1,908	2,206	2,231
Total expenditure	63,142	75,919	89,906	97,221	110,171	112,623	117,293	125,425	132,266	143,618
Deficit	-9,604	-9,062	-23,486	-25,957	-32,585	-27,874	-24,211	-20,814	-22,362	-24,051

[1] These "National Accounts transactions" are consistent with those released by Statistics Canada on August 31, 1990.

Public Accounts and National Accounts Reconciliation

The reconciliation of transactions between the Public Accounts and National Accounts is set out in the table that follows. The major factors which give rise to the need for a reconciliation are listed below.

The deficits of Government business enterprises which are outside the Government accounting entity are, for Public Accounts presentation purposes, met through budgetary appropriations and are thus recorded as budgetary expenditure. In the National Accounts presentation, these deficits are netted against Government investment income.

Revenue in the Public Accounts is recorded on a cash basis with the exception of non-tax revenue. While the major portion of National Accounts revenue is accounted for on a cash basis, certain items, such as corporate income taxes and the oil export charges, are reported on an accrual basis. This difference also results in a different treatment of the acceleration of source deductions and sales and excise taxes by large firms.

Transactions of employee pension accounts are treated as non-budgetary in the Public Accounts, although the Government's

contributions to, and interest payments on, these accounts are included in expenditure. Employer and employee contributions to these accounts, plus any related interest income, form part of Government revenue in the National Accounts presentation, and pension payments form part of Government expenditure.

In the Public Accounts presentation, the purchase of capital assets such as buildings and machinery is recorded as a budgetary expenditure in the year of acquisition. Only newly produced capital assets and capital expenditures are included in National Accounts expenditure. The National Accounts also ignore the sale of capital assets as such sales are not deemed to give rise to production. Both Government revenue and expenditure include an allowance for the depreciation of capital assets in the National Accounts termed "Capital consumption allowance". This item is not a part of Public Accounts reporting.

Both the Public Accounts and the National Accounts include the financial activities of consolidated Crown corporations, however, the inclusions are not identical.

TABLE 1.13

GOVERNMENT OF CANADA PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION (in millions of dollars)

	Year ended March 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Budgetary revenue—Public Accounts	48,867	60,307	60,662	64,168	71,056	76,933	85,931	97,612	104,067	113,707
Reconciling items—										
Government pension receipts	3,148	3,960	4,508	4,965	5,528	6,070	6,548	7,176	7,756	8,380
Corporate income tax—Excess of accruals over collections	681	-91	910	520	-460	-140	-58	1,527	67	-2,167
Capital consumption allowances	837	944	1,008	1,077	1,176	1,255	1,301	1,337	1,408	1,498
Petroleum compensation charge ⁽¹⁾	1,459	3,855	2,852	1,833	2,291	690				
Non-tax revenue ⁽²⁾	-421	-488	-580	-656	-836	-989	-968	-1,260	-1,190	-1,262
Deficits of Government business enterprises	-1,124	-1,465	-1,208	-1,088	-1,104	-933	-938	-937	-907	-991
Miscellaneous ⁽³⁾	91	-165	-1,732	445	-65	1,863	1,266	-844	-1,297	402
Total revenue—National Accounts	53,538	66,857	66,420	71,264	77,586	84,749	93,082	104,611	109,904	119,567
Budgetary expenditure—Public Accounts	63,170	75,848	89,396	96,891	109,568	111,516	116,664	125,813	133,018	142,703
Reconciling items—										
Government pension payments	818	878	959	1,029	1,139	1,285	1,437	1,600	1,801	1,868
Net expenditure of funds and agencies ⁽⁴⁾	1,399	1,571	1,236	1,403	1,451	1,442	1,567	1,558	1,344	1,597
Capital consumption allowances	837	944	1,008	1,077	1,176	1,255	1,301	1,337	1,408	1,498
Petroleum compensation program ⁽⁵⁾	900	3,804	2,746	1,763	2,238	1,133	6	60		
Non-tax revenue ⁽⁶⁾	-421	-488	-580	-656	-836	-989	-968	-1,260	-1,190	-1,262
Deficits of Government business enterprises	-1,124	-1,465	-1,208	-1,088	-1,104	-933	-938	-937	-907	-991
Budgetary transfers to funds and agencies	-1,737	-2,789	-1,047	-1,232	-1,524	-1,273	-1,213	-1,336	-1,326	-1,265
Miscellaneous ⁽⁷⁾	-700	-2,384	-2,604	-1,966	-1,937	-813	-563	-1,410	-1,882	-530
Total expenditure—National Accounts	63,142	75,919	89,906	97,221	110,171	112,623	117,293	125,425	132,266	143,618

⁽¹⁾ In the Public Accounts, the petroleum compensation charge is netted against petroleum compensation payments and included in budgetary expenditure. Gross revenues and payments are recorded in the National Accounts.

⁽²⁾ Various items of non-tax revenue, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

⁽³⁾ Major items under miscellaneous include adjustments for proceeds from the sale of used capital assets, air transportation tax, imputed items, the treatment of revenue in the supplementary accounting period after March 31, and the treatment of the acceleration of source deductions and sales and excise taxes by large firms.

⁽⁴⁾ In the National Accounts, budgetary appropriations to various funds and agencies are replaced by net actual expenditures of the funds and agencies.

⁽⁵⁾ This item represents the difference between the gross payments recorded on the National Accounts basis and net payments recorded on the Public Accounts basis.

⁽⁶⁾ Various non-tax revenues, such as service fees and proceeds from the sale of current goods, which are reported as revenue in the Public Accounts, are netted to expenditure in the National Accounts.

⁽⁷⁾ Major items under miscellaneous include adjustments for reserves and write-offs, provision for the valuation of assets and liabilities, purchase of used capital assets, imputed items, and the treatment of expenditure in the supplementary accounting period after March 31.

SECTION 2

1989-90

PUBLIC ACCOUNTS

Audited Financial Statements of the Government of Canada

CONTENTS

	<i>Page</i>
Preface	2.3
Statement of responsibility	2.5
Statement of transactions	2.6
Statement of accumulated deficit	2.6
Statement of revenue and expenditure	2.7
Statement of assets and liabilities	2.8
Statement of changes in financial position	2.10
Notes to the financial statements of the Government of Canada	2.11
Opinion of the Auditor General on the financial statements of the Government of Canada	2.22

PREFACE TO THE AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA

The fundamental purpose of the financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. The financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, financial requirements and changes in financial position for the year.

The two basic concepts underlying the Government's accounting system are found in the Constitution Acts: first, the concept of the Consolidated Revenue Fund, which states that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund"; second, the concept that the balance of the Fund, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The financial statements consist of five statements and accompanying notes. The first statement is the Statement of Transactions, which shows the extent to which cash going out from the Government exceeded cash coming in (financial requirements), and the resulting net new borrowing. The financial transactions are classified into the following categories:

- The first category, budgetary, consists of all the transactions with outside parties which enter into the calculation of the annual deficit or surplus of the Government, that is, tax and non-tax revenue, together with expenditures.
- The second category, non-budgetary, consists of transactions in loans, investments and advances, in liabilities for the administration of certain public money received or collected for special purposes, and in other liabilities, other than those related to foreign exchange and unmatured debt.
- The third category, foreign exchange, reflects transactions in international reserves held in the Exchange Fund Account (the principal objective of which is to aid in the control and protection of the external value of the Canadian dollar) together with an accounting of the net position of the Government with respect to the International Monetary Fund. Foreign exchange transactions include unmatured debt payable in foreign currencies.
- The fourth category, unmatured debt, represents the extent to which financial requirements have been met through the increase in unmatured debt, that is, the net change in amounts owing for marketable bonds, Canada savings bonds, special non-marketable bonds issued to the Canada Pension Plan Investment Fund and Treasury bills. Unmatured debt transactions exclude unmatured debt payable in foreign currencies.

The second statement is the Statement of Accumulated Deficit, which reflects the net accumulation of annual deficits and surpluses since Confederation. Because of the accounting changes introduced this year on a retroactive basis, the accumulated deficit at the beginning of the year, shown for 1989 and 1990, has been restated.

The third statement is the Statement of Revenue and Expenditure, which details the Government's revenue and expenditure (results of operations) for the year.

The fourth statement is the Statement of Assets and Liabilities. This statement measures the Government's cash balances and investments, together with amounts owing to and by the Government at the end of the year. The statement differs in some ways from the conventional balance sheet of the private sector. Fixed assets, having been accounted for as expenditures, are reported at the nominal value of \$1, and tax revenues not yet received are not recorded as assets. It should be noted, therefore, that the difference between total financial assets and total liabilities is simply the aggregate of annual budgetary deficits and surpluses determined in accordance with the accounting policies of the Government.

The fifth statement is the Statement of Changes in Financial Position, which provides information on the Government's cash requirements for operating and investing activities, and how these activities were financed.

Other sections in this volume, together with Volumes II and III of the Public Accounts, are designed to provide more detailed information supporting the financial statements.

STATEMENT OF RESPONSIBILITY

The financial statements in this section were prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the statements and, except for the changes in accounting policies as explained in Note 3, on a basis consistent with that of the preceding year.

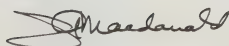
Responsibility for the integrity and objectivity of the financial statements rests with the Government. The financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada, in compliance with governing legislation. The financial statements are generally prepared on an accrual basis of accounting; a notable exception is that tax revenues are reported on a cash basis. Furthermore, fixed assets are charged to budgetary expenditure at the time of acquisition or construction. The information included in these financial statements is based on the Government's best estimates and judgement, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks, and which are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized record of the Government's financial transactions, and obtains additional information as required, from departments, agencies and Crown corporations, to meet accounting and reporting requirements.

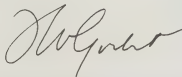
The Auditor General of Canada provides an independent opinion on the financial statements prepared by the Government. The duties of the Auditor General in that respect are set out in Section 6 of the Auditor General Act which states in part that the Auditor General "shall express his opinion as to whether they (the financial statements) present fairly information in accordance with stated accounting policies of the federal government and on a basis consistent with that of the preceding year together with any reservations he may have".

Annually, the financial statements are tabled in Parliament as part of the Public Accounts, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the financial statements and accompanying audit opinion.

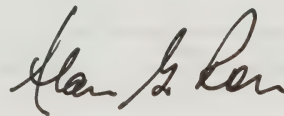
On behalf of the Government of Canada.



J.A. MACDONALD
Comptroller General of Canada



FREDERICK W. GORBET
Deputy Minister of Finance



ALAN G. ROSS
Acting Deputy Receiver General for Canada

GOVERNMENT OF CANADA

Statement of Transactions
for the Year Ended March 31, 1990
(in millions of dollars)

	1990	1989
BUDGETARY TRANSACTIONS		
Revenue	113,707	104,067
Expenditure	-142,703	-133,018
Deficit	-28,996	-28,951
NON-BUDGETARY TRANSACTIONS		
Loans, investments and advances	1,050	1,044
Specified purpose accounts	6,418	4,900
Other transactions	998	527
Net source	8,466	6,471
Financial requirements(excluding foreign exchange transactions)	-20,530	-22,480
FOREIGN EXCHANGE TRANSACTIONS⁽¹⁾	-697	-5,730
Total financial requirements	-21,227	-28,210
UNMATURED DEBT TRANSACTIONS⁽¹⁾	20,906	28,510
Change in cash	-321	300
CASH BALANCE AT BEGINNING OF YEAR	1,833	1,533
CASH BALANCE AT END OF YEAR	1,512	1,833

The accompanying notes are an integral part of this statement.

Cash requirements (-).

Details can be found in other sections of this volume.

⁽¹⁾ Change in unmatured debt payable in foreign currencies, -\$2,645 million in 1990 (-\$2,962 million in 1989), has been included as part of foreign exchange transactions.

GOVERNMENT OF CANADA

Statement of Accumulated Deficit
for the Year Ended March 31, 1990
(in millions of dollars)

	1990	1989
Accumulated deficit, beginning of year		
As previously reported	320,918	292,184
Consolidation and valuation of certain assets and liabilities(Note 3)	8,047	7,830
Accumulated deficit, beginning of year (as restated for 1989)	328,965	300,014
Deficit before change in accounting policies (as previously reported for 1989)	28,629	28,734
Net increase in deficit due to consolidation and valuation of certain assets and liabilities(Note 3)	367	217
Deficit (as restated for 1989)	28,996	28,951
Accumulated deficit, end of year (as restated for 1989)	357,961	328,965

The accompanying notes are an integral part of this statement.

Details can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Revenue and Expenditure
for the Year Ended March 31, 1990

(in millions of dollars)

	1990		1989	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
REVENUE, Table 3.1, Section 3—				
TAX REVENUE				
Income tax—				
Personal(Note 5)	51,895	51,895	46,026	46,026
Corporation	13,021	13,021	11,730	11,730
Unemployment insurance contributions	10,738	10,738	11,268	11,268
Non-resident	1,361	1,361	1,578	1,578
	77,015	77,015	70,602	70,602
Excise taxes and duties—				
Sales tax	17,672	17,672	15,645	15,645
Customs import duties	4,587	4,587	4,521	4,521
Energy taxes	2,472	2,471	2,648	2,646
Other	3,919	3,425	3,458	2,959
	28,650	28,155	26,272	25,771
Other tax revenue	226	226	265	265
	105,891	105,396	97,139	96,638
NON-TAX REVENUE				
Return on investments	5,967	5,850	5,654	5,547
Other non-tax revenue	5,300	2,461	4,374	1,882
	11,267	8,311	10,028	7,429
TOTAL REVENUE (Note 5)	117,158	113,707	107,167	104,067
EXPENDITURE,⁽²⁾ Table 4.1, Section 4—				
Major transfer and subsidy payments, Tables 4.4 and 4.5, Section 4—				
To persons—				
Old age security benefits, guaranteed income supplements and spouses' allowances	16,154	16,154	15,202	15,202
Unemployment insurance benefits	11,694	11,694	10,972	10,972
Family allowances	2,653	2,653	2,606	2,606
Veterans' benefits	1,708	1,708	1,612	1,612
	32,209	32,209	30,392	30,392
To other levels of government—				
Fiscal arrangements	8,937	8,937	8,127	8,127
Insurance and medical care services	6,663	6,663	6,678	6,678
Canada Assistance Plan	5,006	5,006	4,556	4,556
Education support	2,166	2,166	2,227	2,227
	22,772	22,772	21,588	21,588
Total major transfer and subsidy payments(Note 7)	54,981	54,981	51,980	51,980
Other program expenditures (Note 7)—				
Defence	11,800	11,452	11,293	11,026
External affairs and aid	3,824	3,784	3,849	3,818
All other government organisations	36,729	33,666	35,827	33,025
Total other program expenditures	52,353	48,902	50,969	47,869
Public debt	38,820	38,820	33,169	33,169
TOTAL EXPENDITURE (Notes 5 and 6)	146,154	142,703	136,118	133,018
DEFICIT	28,996	28,996	28,951	28,951

The accompanying notes are an integral part of this statement.

Details can be found in other sections of this volume.

⁽¹⁾ The difference between Gross and Net is revenue credited to appropriations and revenue of consolidated Crown corporations.⁽²⁾ Expenditure is now reported by type of payments, replacing the envelope basis used in previous years.

GOVERNMENT OF CANADA

Statement of Assets and Liabilities
as at March 31, 1990
(in millions of dollars)

	1990	1989	Net increase or decrease (-)
FINANCIAL ASSETS			
<i>LOANS, INVESTMENTS AND ADVANCES, Table 6.1, Section 6—</i>			
Enterprise Crown corporations (Notes 9 and 16)—			
Lending institutions—			
Canada Deposit Insurance Corporation	1,375	1,695	-320
Canada Mortgage and Housing Corporation	8,703	8,904	-201
Export Development Corporation	772	697	75
Farm Credit Corporation	3,368	3,472	-104
Federal Business Development Bank	294	294	
	14,512	15,062	-550
All other enterprise Crown corporations—			
Canadian National Railway Company	2,440	2,452	-12
Petro-Canada	4,299	4,299	
Other	726	724	2
	7,465	7,475	-10
Less: allowance for valuation	4,300	4,200	100
Total enterprise Crown corporations	17,677	18,337	-660
Other loans, investments and advances—			
Provincial and territorial governments	1,023	883	140
National governments including developing countries (Note 10)	3,495	4,191	-696
International organizations (Note 10)	4,666	4,621	45
Less: notes payable	1,882	1,907	-25
	2,784	2,714	70
Veterans' Land Act Fund advances less allowance for conditional benefits	74	91	-17
Joint and mixed enterprises	267	629	-362
Miscellaneous	1,565	1,690	-125
	9,208	10,198	-990
Less: allowance for valuation	6,200	6,800	-600
Total other loans, investments and advances	3,008	3,398	-390
TOTAL LOANS, INVESTMENTS AND ADVANCES	20,685	21,735	-1,050
<i>FOREIGN EXCHANGE ACCOUNTS, Table 9.1, Section 9—</i>			
International reserves held in the Exchange Fund Account, Table 9.2, Section 9 (Note 11)	15,393	17,422	-2,029
International Monetary Fund—Subscriptions	4,474	4,534	-60
	19,867	21,956	-2,089
Less: International Monetary Fund—Notes payable	3,859	3,985	-126
Special Drawing Rights allocations	1,186	1,201	-15
	5,045	5,186	-141
TOTAL FOREIGN EXCHANGE ACCOUNTS	14,822	16,770	-1,948
<i>ACCOUNTS RECEIVABLE, Table 11.1, Section 11</i>	<i>2,320</i>	<i>2,157</i>	<i>163</i>
<i>CASH IN TRANSIT, Table 11.2, Section 11</i>	<i>2,136</i>	<i>2,087</i>	<i>49</i>
<i>CASH, Table 11.3, Section 11</i>	<i>1,512</i>	<i>1,833</i>	<i>-321</i>
TOTAL FINANCIAL ASSETS	41,475	44,582	-3,107
FIXED ASSETS (valued at one dollar), Section 11	357,961	328,965	28,996
ACCUMULATED DEFICIT (Note 8)			
TOTAL	399,436	373,547	25,889

	1990	1989	Net increase or decrease (-)
LIABILITIES			
<i>SPECIFIED PURPOSE ACCOUNTS, Table 7.1, Section 7—</i>			
Canada Pension Plan Account (Note 12)	39,445	37,603	1,842
Less: securities held by the Canada Pension Plan Investment Fund	36,483	35,063	1,420
	2,962	2,540	422
Superannuation accounts (Note 13)	70,997	64,613	6,384
Government Annuities Account	907	948	-41
Deposit and trust accounts	1,156	1,221	-65
Provincial tax collection agreements account	1,398	1,766	-368
Other	920	834	86
TOTAL SPECIFIED PURPOSE ACCOUNTS	78,340	71,922	6,418
<i>OTHER LIABILITIES, Table 8.1, Section 8—</i>			
Interest and matured debt	10,317	10,389	-72
Less: unamortized discount on Canada and Treasury bills	4,029	3,266	763
	6,288	7,123	-835
Accounts payable	9,642	8,112	1,530
Outstanding cheques and warrants	2,546	2,369	177
Allowance for employee benefits	4,200	4,300	-100
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government—			
Borrowings of agent enterprise Crown corporations, Table 6.7, Section 6 (Note 9)	16,708	15,001	1,707
Less: borrowings expected to be repaid by these enterprise Crown corporations	13,158	11,816	1,342
	3,550	3,185	365
Miscellaneous	308	235	73
TOTAL OTHER LIABILITIES	26,534	25,324	1,210
<i>UNMATURED DEBT, Tables 10.1 and 10.10, Section 10 (Note 14)—</i>			
Payable in Canadian currency—			
Marketable bonds	127,682	115,748	11,934
Canada savings bonds	40,929	47,756	-6,827
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund	3,072	3,005	67
Treasury bills	118,550	102,700	15,850
	290,233	269,209	21,024
Less: Government's holdings of unmatured debt	1,346	1,228	118
	288,887	267,981	20,906
Payable in foreign currencies—			
Marketable bonds	4,128	5,373	-1,245
Notes and loans	177	1,911	-1,734
Canada bills	1,446	1,131	315
	5,751	8,415	-2,664
Less: Government's holdings of unmatured debt	76	95	-19
	5,675	8,320	-2,645
TOTAL UNMATURED DEBT	294,562	276,301	18,261
TOTAL	399,436	373,547	25,889

The accompanying notes are an integral part of this statement.
Details can be found in other sections of this volume.

GOVERNMENT OF CANADA

Statement of Changes in Financial Position
for the Year Ended March 31, 1990

(in millions of dollars)

	1990			1989
	Receipts	Disbursements	Net	Net
CASH REQUIREMENTS FOR:				
Operating activities—				
Deficit			28,996	28,951
Less: outflows (inflows) not requiring (resulting in) cash				
Provision for valuation of assets and liabilities			665	2,173
Government contributions for employee benefits			1,014	1,021
Interest on — employee superannuation accounts			6,373	5,748
— other specified purpose accounts			600	513
Increase in accounts receivable			-163	-30
Net increase or decrease(-) in accounts payable and accrued liabilities			880	1,364
Net increase or decrease(-) in accrued interest and unamortized discount on the public debt			-835	-2,477
Cash required for operating activities			20,462	20,639
Investing activities—				
Net repayments of loans, investments and advances ⁽¹⁾	6,020	4,519	-1,501	-541
Net disbursements in specified purpose accounts ⁽¹⁾	44,228	45,797	1,569	2,382
Cash required for investing activities	50,248	50,316	68	1,841
TOTAL CASH REQUIREMENTS			20,530	22,480
FINANCED BY:				
Foreign exchange accounts	57,437	55,489	1,948	-2,768
Issues or redemptions (-) of foreign debt —				
Payable in foreign currencies	7,375	10,039	-2,664	-2,879
Changes in Government's holdings of debt	-117	-136	19	-83
	7,258	9,903	-2,645	-2,962
	64,695	65,392	-697	-5,730
Issues or redemptions (-) of debt —				
Payable in Canadian currency —				
Marketable bonds	21,958	10,024	11,934	11,849
Treasury bills	297,900	282,050	15,850	21,650
Other	9,400	16,160	-6,760	-5,054
Changes in Government's holdings of debt	-2,139	-2,021	-118	65
	327,119	306,213	20,906	28,510
Net decrease (increase)(-) in cash			321	-300
TOTAL CASH PROVIDED FOR ALL ACTIVITIES			20,530	22,480

The accompanying notes are an integral part of this statement.

Details can be found in other sections of this volume.

⁽¹⁾ Figures differ from those shown in the Statement of Transactions because non-cash transactions have been re-classified and shown separately under Deficit.

Notes to the Financial Statements of the Government of Canada

1. Significant Accounting Policies

i. Government of Canada reporting entity

For the purpose of reporting in these financial statements, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government.

ii. Method of accounting for Government organizations

Except for Government enterprises, all Government organizations are accounted in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

iii. Classification of financial transactions

The financial transactions of the Government, as recorded in the accounts of Canada and reported in the Public Accounts, are classified into budgetary, non-budgetary, foreign exchange and unmatured debt transactions.

In general terms, budgetary transactions enter into the calculation of the annual deficit or surplus and are reported on the Statements of Revenue and Expenditure and Accumulated Deficit. All other transactions lead to the acquisition or disposal of financial claims or to the creation or discharge of financial obligations, and are disclosed on the Statement of Assets and Liabilities.

For purposes of reporting, the Public Accounts uses the classification in force at the end of the year to which the report refers and amounts for the previous year are reclassified retroactively to conform to the current year's presentation.

iv. Budgetary transactions

REVENUE

Revenue consists of all tax and non-tax amounts which affect the annual deficit or surplus of the Government.

The Government generally reports tax revenue in the year in which it is received. Refunds of tax revenue are allocated to the year in which the processing cycle for the assessment of the related tax return has been started.

Tax revenue is reported net of refunds, and excludes taxes collected on behalf of provinces and territories, and amounts credited to other liability accounts.

Non-tax revenue is now reported in the year in which the transactions or events occurred that gave rise to the revenue and may also include charges related to the provision for non-tax accounts receivable.

On the Statement of Revenue and Expenditure, revenue is reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

EXPENDITURE

Expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. Such charges include those for work performed, goods received, services rendered, and transfer payments made, during the year, and include accounts payable at year end. Expenditure may also include charges related to the allowance for valuation of loans, investments, and advances, the allowances for general contingencies, the allowance for borrowings of agent enterprise Crown corporations, and other accounts payable and allowances.

On the Statement of Revenue and Expenditure, expenditure is reported both gross and net. The difference between the two is revenue from outside parties credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

v. Assets

Assets are defined as the financial claims acquired by the Government on outside organizations and individuals as a result of events and transactions that occurred during the year.

However, as a result of the Government's accounting policies described above, certain financial claims are not reported on the Statement of Assets and Liabilities. The most important of these are accounts receivable, net of refunds payable, for tax revenue.

vi. Liabilities

Liabilities are defined as the financial obligations of the Government to outside organizations and individuals as a result of events and transactions that occurred during the year.

The borrowings of all enterprise corporations which are agents of the Crown are recorded as a liability of the Government, net of borrowings expected to be repaid directly by these corporations.

vii. Fixed assets

The fixed assets of the Government, which include land, engineering structures and works (such as canals, harbours and roads), buildings, and machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction. Their existence, however, is acknowledged on the Statement of Assets and Liabilities by reporting them at the nominal value of \$1.

viii. *Valuation of assets and liabilities***ASSETS**

Assets are recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the estimated realizable value. In the case of loans to sovereign states, the Government views these loans as collectible unless formally repudiated by the debtor. The allowance for valuation includes reductions from the recorded value of loans (and subscriptions to international organizations that make similar loans) with significant concessionary terms.

The Government's gold reserves are included in the International reserves held in the Exchange Fund Account and are recorded and valued at the Canadian dollar equivalent of 35 Special Drawing Rights per fine ounce. The Special Drawing Right is an international currency created by the International Monetary Fund, and allocated to countries participating in its Special Drawing Rights Department. It represents a unit of account defined in terms of a "basket" of five major currencies.

LIABILITIES

Liabilities are recorded at the amounts ultimately payable. Liabilities for termination benefits, the superannuation plans, and the Government Annuities Account are reported on an actuarial basis. For the basic superannuation accounts, actuarial deficiencies are amortized, surpluses are not.

ix. *Allowances for general contingencies*

The Government establishes allowances in respect of potential debt or debt service relief measures for financially troubled countries under multilateral agreements.

x. *Translation of foreign currency transactions*

Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates.

Assets and liabilities resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue, while net losses are charged to expenditure.

2. Authorities for Transactions

Revenue can be raised and moneys can be borrowed only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the Consolidated Revenue Fund (CRF). All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament.

i. *Authority for raising revenues*

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. The Financial Administration Act provides general statutory direction regarding the collection, handling and accounting for receipts and contains

authority for charging for services or use of facilities. The right of the Government to raise income taxes, excise taxes and duties, tariffs, fines and other revenues and the methods to be used are granted by Parliament in specific legislation related to the type of levy or to ministerial duties and authorities. All bills for the raising of money must originate in the House of Commons and are submitted to the House by the Government. This is normally done through the Minister of Finance's Budget, in which proposed tax and tariff changes required to attain the forecast fiscal policy goals are presented.

ii. *Authority for spending on operations*

Parliament provides authority to make payments out of the Consolidated Revenue Fund in annual appropriation acts and other statutes (the latter referred to as statutory appropriations). Most Government spending is under statutory authorities, that is authorities which do not generally impose an annual limit on the amount that may be spent. Spending is authorized by reference to statutory formulae or criteria and the authorities usually continue from year to year until changed or rescinded by an act of Parliament. Spending authority provided by statutory appropriations is for specified purposes and for such amounts and such time as the acts prescribe. Spending authority provided by statutory appropriations generally does not lapse at the end of the year in which it was granted. Spending authority granted in appropriation acts is for stated purposes and maximum amounts. Unless provided for in vote wording, unused spending authority granted in appropriation acts lapses at the end of the year for which it was granted. Some authorities continue from year to year and some authorize the respending, within a program, of defined categories of revenue generated by the program.

iii. *Authority for loans, investments and advances*

These authorities limit the amount of loans, investments or advances that may be made. Unused authority may lapse at the end of a year or may continue from year to year. Non-lapsing authorities often limit only the total of loans that may be outstanding at any one time; thus principal repaid may be reloaned.

iv. *Borrowing authority*

The Government can borrow only as authorized by acts of Parliament. Borrowing authority acts provide authority for the net amount of new security issues less redemptions during a fiscal year. The authorities lapse at the end of the year except for amounts specifically carried forward to the next fiscal year. Parliament has also provided a continuing authority to the Government under Section 47 of the Financial Administration Act to borrow, for periods not exceeding six months, such amounts as are deemed necessary to meet lawfully authorized disbursements.

Crown corporations (corporations wholly owned by the Crown) that are agents of Her Majesty also may borrow only as authorized by acts of Parliament. Such acts usually place a ceiling on the amount of borrowings that can be outstanding

at any one time. Non-agent Crown corporations can borrow without specific parliamentary authority. Non-agent borrowings are sometimes guaranteed by the Government with the authority of Parliament.

3. Changes in Accounting Policies

In 1990, changes have been made in accounting policies for certain assets and liabilities, and in the definition of the accounting entity. An allowance for the actuarial liability for the indexed part of employee pensions is now recorded, additional specified purpose accounts are now consolidated, and the separate financial statements of certain Crown corporations are now consolidated with the financial statements of the Government. Allowances for valuation of assets and for borrowings of agent enterprise Crown corporations now include general contingencies as described in Note 1(ix). In addition, non-tax revenues are now recorded on an accrual basis, and government debt held by the Canada Pension Plan has been reclassified from unmatured debt to specified purpose accounts.

These changes have been authorized by the President of the Treasury Board and the Minister of Finance under Section 64 (2) (d) of the Financial Administration Act. Such changes are applied retroactively, with restatement of the previous year's deficit and accumulated deficit, for consistency.

The effect of the changes made in 1990, on the accumulated deficit at the beginning of the year and on the annual deficit, is as follows:

i. Effect of changes on the accumulated deficit at the beginning of the year

	(in millions of dollars)	
	1990	1989
Consolidated specified purpose accounts	-178	-159
Consolidation of Crown corporations	-303	-343
Allowance for valuation of assets	1,000	1,000
Allowance for borrowings of agent enterprise Crown corporations	2,735	2,470
Accrual of non-tax revenue	-1,907	-1,838
Allowance for actuarial liability for employee pensions	6,700	6,700
Increase in accumulated deficit at the beginning of the year due to changes in accounting policies	8,047	7,830

ii. Effect of changes on the annual deficit

	(in millions of dollars)	
	1990	1989
Consolidated specified purpose accounts	-19	-19
Consolidation of Crown corporations	212	40
Allowance for borrowings of agent enterprise Crown corporations	265	265
Accrual of non-tax revenue	-91	-69
Increase in deficit due to changes in accounting policies	367	217

4. Spending and Borrowing Authorities

i. Source and disposition of spending authorities

The following table summarizes the authorities made available by Parliament and used by the Government for expenditure, and loans, investments and advances.

	(in millions of dollars)			
	1990		1989	
	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)	Expenditure (budgetary)	Loans, investments and advances (non-budgetary)
Used in the current year	131,945	487	122,064	1,035
Lapsed	2,558	28	2,187	84
Overexpended	-131		-33	
Available for use in subsequent years	1,355	42,895	1,245	29,299
Authorities available for use, including those from previous years	135,727	43,410	125,463	30,418

Details can be found in Tables 1 and 2, Section 1 of Volume II (Part I) of the Public Accounts.

ii. Reconciliation of expenditure authority

The use of budgetary authority as reported in the above table differs from net total expenditure reported on the Statement of Revenue and Expenditure. Certain specified purpose accounts and certain Crown corporations are consolidated in the Government's financial statements but are not included in the budgetary authorities available for use as shown above. In addition, the authorities above do not include the provision for valuation of assets and liabilities, which is authorized by Section 63 of the Financial Administration Act. These differences are summarized below.

	(in millions of dollars)	
	1990	1989
Use of budgetary authority per above table	131,945	122,064
Effect of consolidating certain specified purpose accounts—		
Unemployment Insurance Account	9,740	8,909
Canadian Ownership Account		1
Western Grain Stabilization Account	-235	-63
Other accounts	512	180
Effect of consolidating Crown corporations	212	40
Net provision for valuation of assets and liabilities ⁽¹⁾	715	2,073
Internal revenue eliminated	-186	-186
Net total expenditure per the Statement of Revenue and Expenditure	142,703	133,018

Details of consolidated specified purpose accounts and consolidated Crown corporations can be found in Section 5 of this volume.

⁽¹⁾ In the current year, \$1,375 million (\$2,184 million in 1989) was provided for, and \$660 million (\$111 million in 1989) was written-off. The effect on the provision of -\$50 million (\$100 million in 1989) due to the consolidation of Crown corporations is not included in this figure but is included as part of the figure on the effect of consolidating Crown corporations.

iii. Overexpenditure of spending authority

The following votes were overexpended. Most of the amounts overexpended represented debts incurred but not paid at the fiscal year end. In the subsequent fiscal year, spending authority for each equivalent appropriation is reduced by the amount of those debts.

	(in millions of dollars)
	1990
National Defence	
Vote 1 - Operating expenditures	66
Vote 5 - Capital expenditures	45
Transport	
Vote 5 - Capital expenditures	20
	131

Details can be found in the ministerial sections of Volume II (Part I) of the Public Accounts.

iv. Borrowing authorities

The following table shows the borrowing authorities available and the use of such authorities reconciled to the change in unmatured debt as reported on the Statement of Assets and Liabilities.

	(in millions of dollars)							
	1990				1989			
	Available	Used	Lapsed	Available for use in subsequent years	Available	Used	Lapsed	Available for use in subsequent years
Authorities which impose a ceiling through borrowing authority acts	25,175	18,747		6,428	26,225	25,575		650
Section 47 of the Financial Administration Act ⁽¹⁾				750	685	65		
Total	25,175	18,747		6,428	26,975	26,260	65	650
Net increase in unmatured debt		18,261				25,548		
Net change in matured Canada savings bonds not yet redeemed		11				88		
Change in internal holding of Government debt		105				12		
Change in bonds issued to the Canada Pension Plan		-67				-514		
Change in consolidation adjustments		-7				6		
Foreign currency adjustments		444				1,120		
Total use of borrowing authorities		18,747				26,260		

⁽¹⁾ Authorizes the Government to borrow, for a fixed period not exceeding six months, amounts necessary to ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements.

5. Refundable Tax Credits

Entitlements to refundable tax credits are claimed on personal and corporate income tax returns. Claims are settled either by reducing the tax liability for the year or, if no liability exists, by issuing a "refund" cheque. In either case, income tax revenues are reduced, even where no tax had been paid. Had the tax reductions and direct payments due to child tax credits been reported as expenditures, gross total expenditure and personal tax revenue would have increased respectively by \$2,444 million (\$1,598 million in 1989). Likewise, had the tax reductions and direct payments due to the sales tax credit been reported as expenditures, gross total expenditure and personal tax revenue would have increased respectively by \$542 million (\$286 million in 1989). Finally, had the tax reductions due to the investment tax credit been reported as expenditures, gross total expenditure and personal and corporate tax revenue would have increased respectively by \$160 million (\$160 million in 1989).

6. Presentation of Expenditure by Standard Object

Expenditure on the Statement of Revenue and Expenditure is reported by standard object in the following table:

		(in millions of dollars)	
Standard Object		1990	1989
(1) Personnel		16,653	15,192
(2) Transportation and communications		1,970	1,640
(3) Information		30	234
(4) Professional and special services		2,701	2,142
(5) Rentals		843	831
(6) Purchased repair and maintenance		1,392	1,206
(7) Utilities, materials and supplies		2,351	2,305
(8) Construction and/or acquisition of land, buildings and works		1,020	884
(9) Construction and/or acquisition of machinery and equipment		3,199	3,293
(10) Transfer payments		69,455	67,206
(11) Public debt charges		38,821	33,183
(12) Other subsidies and payments		7,719	8,002
Total gross expenditure		146,154	136,118
(13) Less: revenue credited to the votes		2,463	2,204
gross revenue of consolidated Crown corporations		988	896
Total net expenditure		142,703	133,018

Details can be found in Table 5, Section 1 of Volume II (Part I) of the Public Accounts.

7. Transfer Payments and Other Program Expenditures

i. Transfer payments

The Government makes transfer payments to persons, other levels of government, enterprises and non-profit institutions, and international organizations and foreign countries.

Payments to persons essentially constitute an income security framework. Individuals are provided with assistance because of their age (Old Age Security and Family Allowance), because they are temporarily unemployed (Unemployment Insurance), or for other specific purposes.

Payments to other levels of government encompass numerous transfer programs operated by the federal Government under various statutory authorities. The programs are both general and specific in purpose, and include equalization payments and payments for health care, education, and grants in lieu of taxes.

Payments to enterprises include agricultural subsidies for freight, grain storage, oil and gas subsidies for offshore development, incentives, oil import compensation, and freight rate subsidies to railway and transportation companies under various statutory acts.

Payments are made to international organizations that provide development assistance, military protection, and satellite communications. Payments to foreign countries are for official development assistance in the purchase of goods and services. As well, food aid payments are made to international institutions for the benefit of recipients in developing countries.

Payments to non-profit institutions are to universities in aid of research, to non-profit organizations for research and development, and to various national organizations.

The following tables present a summary of transfer payments as classified in the Statement of Revenue and Expenditure and by class of recipients:

Expenditures	(in millions of dollars)	
	1990	1989
Major transfers and subsidy payments	54,981	51,980
Transfers and subsidy payments included in other program expenditures	14,474	15,226
Total	69,455	67,206

Class of recipients	(in millions of dollars)	
	1990	1989
Persons	36,402	34,146
Provinces, territories and municipalities	25,420	24,326
Subsidies and capital assistance to enterprises	3,338	4,235
International organizations and foreign countries	2,629	2,795
Non-profit institutions and organizations	1,666	1,704
Total	69,455	67,206

Details can be found in Tables 4.4 and 4.5 in Section 4 of this volume and in Section 7 of Volume II (Part II) of the Public Accounts.

ii. Other program expenditures

The following table presents, by organisations, major components included in total other program expenditures:

Organisations	(in millions of dollars)	
	1990	1989
Defence	11,452	11,026
External affairs and aid	3,784	3,818
Indian Affairs and Northern Development	3,370	3,083
Transport	3,229	3,315
Employment and Immigration	3,184	2,908
Agriculture	2,812	3,300
Public Works	2,740	2,631
Industry, Science and Technology	2,651	2,559
Solicitor General	2,163	2,009
Other	13,517	13,220
Total	48,902	47,869

8. Accumulated Deficit

In accordance with its stated accounting policies, revenues and expenditures of certain specified purpose accounts and Crown corporations are included in the revenue and expenditure of the Government. However, enabling legislation requires that the revenues of specified purpose accounts be earmarked and that related payments be charged against such revenue. Any deficiency of payments over revenue must, in accordance with enabling legislation, be met through future revenue of these specified purpose accounts. The table below presents the balances of these specified purpose accounts and the retained earnings of the consolidated Crown corporations included in the accumulated deficit:

	(in millions of dollars)	
	1990	1989
Accumulated deficit excluding consolidated accounts	360,315	330,777
Consolidated specified purpose accounts—		
Unemployment Insurance Account	-971	27
Canadian Ownership Account	-3,565	-3,565
Western Grain Stabilization Account	1,164	1,410
Crop Reinsurance Fund	131	35
Agriculture Commodities Stabilization Accounts	161	-94
Accrued expenditure of the Crop Reinsurance Fund	502	347
Accrued expenditure of the Unemployment Insurance Account	513	509
Other specified purpose accounts	-198	-178
	-2,263	-1,509
Consolidated Crown corporations—		
Reversal of allowance for valuation	-200	-200
Retained earnings	109	-103
	-91	-303
Accumulated deficit	357,961	328,965

Details of the consolidated accounts can be found in Section 5 of this volume.

9. Enterprise Crown Corporations

As disclosed in Note 1(ii), the assets, liabilities, revenues and expenses reported in the separate financial statements of enterprise Crown corporations are not consolidated in the Government's financial statements. Loans and investments in enterprise Crown corporations are accounted for by the cost method.

The following tables separately summarize the assets, liabilities, revenues and expenses of the enterprise Crown corporations. All identified transactions and balances between the enterprise Crown corporations and the Government have been reported in the tables.

The tables present the financial transactions and results of operations of the enterprise Crown corporations in accordance with their respective accounting policies. Most enterprise Crown corporations follow generally accepted accounting principles (GAAP)

used by private sector companies. One significant difference between GAAP and the Government's basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition. For those enterprise Crown corporations whose year-end is March 31, the data are based on audited financial statements. For those corporations having other year-ends, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with their most recent audited financial statements.

The corporate financial statements of each enterprise and other consolidated Crown corporation are reproduced in Volume III.

i. Assets and Liabilities

	(in millions of dollars)			
	1990		1989	
	Government as reported	Enterprise Crown corporations	Government as reported	Enterprise Crown corporations
Assets				
Financial				
Outside parties	23,798	32,506	26,245	32,382
Government and Crown corporations	17,677	23,515	18,337	21,502
Total financial assets . .	41,475	56,021	44,582	53,884
Physical assets and deferred charges . .		17,371		18,842
Total assets	41,475	73,392	44,582	72,726
Liabilities				
Outside parties				
Borrowings	271,316		254,921	
Agents		16,708		15,001
Non-agents		1,716		1,715
Bank of Canada notes in circulation and amounts owing to depositors		22,460		21,077
Other liabilities	101,324	7,781	94,061	7,390
Government and Crown corporations	26,796	14,805	24,565	17,046
Total liabilities	399,436	63,470	373,547	62,229
Net assets/liabilities (-)	-357,961	9,922	-328,965	10,497
Contingent liabilities . .	19,000	515	9,447	403

Details can be found in Section 6 of this volume

ii. Revenues and Expenditures/Expenses

	(in millions of dollars)			
	1990		1989	
	Government as reported	Enterprise Crown corporations	Government as reported	Enterprise Crown corporations
Revenue				
Outside parties	112,752	21,141	102,888	19,275
Government and Crown corporations	4,406	3,855	4,279	3,890
Total revenues	117,158	24,996	107,167	23,165
Expenditures/Expenses				
Outside parties	141,750	20,251	130,969	18,312
Government and Crown corporations	4,404	2,279	5,149	2,431
Total expenditures/expenses	146,154	22,530	136,118	20,743
Deficit (-)/net income for the year ⁽¹⁾	-28,996	2,466	-28,951	2,422
Other net changes in equity				
Outside parties		-2,165		-110
Government and Crown corporations		-876		-2,030
Change in net assets/liabilities (-) for the year	-28,996	-575	-28,951	282
Net assets/liabilities (-) beginning of year	-328,965	10,497	-300,014	10,215
Net assets/liabilities (-) end of year	-357,961	9,922	-328,965	10,497

Details can be found in Section 6 of this volume

⁽¹⁾ Of the net income of Crown corporations, \$2,402 million (\$2,009 million in 1989) has been remitted to the Government and is included in revenue and the deficit.

In 1989-90, 14,343 common shares having a par value of \$1,434.3 million were surrendered by the Government to Petro-Canada for cancellation. The surrender was authorized by the Government by PC 1990-302 dated February 21, 1990. The reduction in share capital due to the cancellation of the shares by Petro-Canada was offset by an increase in corporate retained earnings. This increase was used to absorb the effects of a write-down in book value of Petro-Canada's net assets resulting from the

adoption of the successful efforts method of accounting. The Government believes that the change in accounting method does not indicate an impairment in the market value of Petro-Canada. As a consequence, and because the Government continues to own 100% of the Corporation, no adjustment has been made in 1989-90 to the net recorded value of the Government's investment in Petro-Canada.

10. International Development Assistance— Loans, Subscriptions, Contingent Liabilities and Commitments

i. Loans to developing countries

Included in loans to National governments of \$3,495 million (\$4,191 million in 1989) are loans to developing countries of \$2,369 million (\$3,048 million in 1989). These loans arise from agreements signed with developing countries before April 1, 1986, are part of Canada's international development assistance program and are either interest-free or bear interest at rates that were more favourable than those prevailing in Canada at the time the assistance was provided. All loans disbursed after April 1, 1986 have been treated as budgetary expenditures. The balances outstanding at March 31, grouped by term, are:

Original term	Grace period before repayment commences	Interest rate	(in millions of dollars)	
			1990	1989
17 years	7 years	*		1
20 years	5 years	5%	25	27
25 years	5 years	6%		1
30 years	7 years	3%	163	167
35 years	5 years	*	2	2
40 years	10 years	*	1	1
50 years	10 years	*	2,128	2,799
53 years ⁽¹⁾	13 years	*	42	42
55 years ⁽¹⁾	15 years	*	8	8
			2,369	3,048

* Interest-free.

⁽¹⁾ Rescheduled loans.

These loans, by their terms, confer financial benefits on the recipients and have been fully provided for in the allowance for valuation. Details can be found in Section 6 of this volume.

ii. Subscriptions and loans to international organizations

Included in loans, investments and advances--International organizations of \$4,666 million (\$4,621 million in 1989) are subscriptions to the capital of the International Development Association and loans to other international financial institutions of \$4,007 million (\$4,014 million in 1989) which are also part of Canada's development assistance program. These institutions make loans to developing countries on terms similar to those described in sub-section i. Subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or on withdrawal therefrom. Details can be found in Section 6 of this volume.

Loans, investments and advances--International organizations are presented net after deduction of notes payable of \$1,882 million (\$1,907 million in 1989), including \$1,852 million (\$1,852 million in 1989) of notes payable to the aforementioned Association and institutions. The notes are non-interest bearing, are non-negotiable, but are payable on

demand, although they are normally encashed over periods of up to seven years, according to the financial requirements of the institutions.

Included in the allowance for valuation is an amount of \$2,155 million (\$2,162 million in 1989) equal to the net position of the Government vis-à-vis these institutions.

iii. Contingent liabilities and commitments

The Government of Canada has entered into agreements with certain international organizations and other sovereign nations under which it commits to disburse funds in future years for specified purposes. Included in this type of commitment are lines of credit issued to international development institutions that may be drawn upon to finance future lending, as well as loans to national governments that have been approved by Parliament but not yet disbursed. These commitments amounted to \$1,676 million at March 31, 1990 (\$1,776 million at March 31, 1989). In addition, the Government has contingent liabilities relating to subscriptions it has made to purchase additional shares of certain international development institutions when requested by these institutions. These contingent liabilities amounted to \$12,730 million at March 31, 1990 (\$11,686 million at March 31, 1989).

Details on international development assistance commitments and contingent liabilities can be found in Section 6 of this volume. Contractual commitments related to fixed assets, purchases, operating leases and capital leases are discussed separately in Note 15. Note 17 discloses additional contingent liabilities of the Government of Canada as at March 31, 1990.

11. Gold

Included in International reserves held in the Exchange Fund Account of \$15,393 million (\$17,422 million in 1989) are Canada's gold holdings of 15.92 million fine ounces with a recorded value of \$848 million (17.018 million fine ounces with a recorded value of \$919 million in 1989).

Gold is valued at the Canadian dollar equivalent of 35 Special Drawing Rights (SDRs) per fine ounce, which approximates its cost in foreign currency terms. At March 31, 1990, the Canadian dollar equivalent of 35 SDRs was \$53.25 per fine ounce (\$53.99 per fine ounce in 1989). The SDR is a unit of account used by the International Monetary Fund and is valued in terms of a "basket" of five major currencies.

Alternative bases of valuation could be used to value gold. On a market value basis (\$430.96 per fine ounce in 1990, \$456.97 in 1989), the recorded value would have been \$6,861 million (\$7,777 million in 1989). On the basis of estimated average cost in Canadian dollars at historical rates of exchange \$36.91 per fine ounce in both 1990 and 1989, the recorded value would have been \$588 million (\$628 million in 1989). Further details can be found in the financial statements of the Exchange Fund Account, included in Section 9 of this volume.

12. Canada Pension Plan

Under existing legislation, benefits and costs incurred in the administration of the Canada Pension Plan are financed from contributions from employees, employers and self-employed persons, and from interest from the investment of contributions not immediately needed for benefits and costs. Although the Canada Pension Plan was established under federal legislation, the Plan is under the joint control of the Government and the provinces. Any province or group of provinces having 1/3 of the population of Canada can veto any amendment to the Canada Pension Plan that affects the level of contributions or benefits. The Government's authority to pay benefits under the Plan is limited to the balance in the Canada Pension Plan Account which was \$39,445 million at March 31, 1990. Therefore, in accordance with the accounting policies of the Government, the revenues and expenditures of the Plan have not been reported with those of the Government.

In 1990, revenues of the Canada Pension Plan Account were \$11.5 billion (\$10.2 billion in 1989) and expenditures were \$9.6 billion (\$8.6 billion in 1989). The balance of the Canada Pension Plan Account is \$39.4 billion at March 31, 1990 (\$37.6 billion at March 31, 1989). Funds in excess of estimated current operating requirements (\$36.5 billion at March 31, 1990; \$35.1 billion at March 31, 1989) are available for investments in securities of the provinces, territories and of the Government, on the basis of contributions from the jurisdiction to total contributions to the Account.

A long-term funding objective of approximately two years of benefits has been set for the Plan by the establishment of a 25 year schedule of contribution rates starting January 1, 1987. The first 5 years require an annual .2 percentage points shared increase to the initial employer-employee contribution rate of 3.6% of contributory earnings. Contribution rates for the 20 subsequent years involve shared increases of .15 percentage points and are subject to quinquennial federal-provincial reviews. The financial statements of the Account are reproduced in Section 7 of this volume.

13. Superannuation Accounts

The Superannuation accounts liability includes the related specified purpose accounts as well as a supplementary allowance (described in Note 3) used to record any shortfall in the benefit obligations as determined on an actuarial basis.

The Government sponsors defined benefit pension plans for substantially all its full-time employees, principally members of the Public Service, the Canadian Forces and the Royal Canadian Mounted Police (RCMP).

Basic pensions are mostly based on the best 6 years average earnings and are accrued at the rate of 2 percent of average salary per year of service. Benefits are limited, the maximum being seventy percent of final average earnings. Basic pensions are indexed annually (on January 1) to the cost of living under authority of the Supplementary Retirement Benefits Act.

The employee contribution for these basic benefits is 6 1/2 % of pay, less contributions to the Canada or Quebec Pension Plan. In addition, employees contribute 1% of pay towards indexing. For basic benefits, the employer matches the prior year's employee contributions for members of the Public Service, and contributes 1.8 and 2 times current year's contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively. Indexation contributions are matched.

The Public Service Superannuation Act also covers the employees of certain Crown corporations, agencies and other institutions. The pension obligations for Crown corporations covered by the Public Service Superannuation Act are limited to matching their employees' contributions; any actuarial deficiency is borne by the Government.

Contributions are credited to the superannuation accounts. The basic superannuation accounts earn interest at rates that are based on the Government of Canada long-term bond rates. The interest rate earned by the basic accounts was about 11% in both 1990 and 1989. The indexation account is credited with interest based on five year Government of Canada bond rates. The rate in 1990 was 9.8% (9.6% in 1989).

Pension obligations exist with respect to several other pension plans. The most significant of which cover all members of Parliament and federally appointed judges.

All basic pension plans are valued on an actuarial basis. The indexing element of the Government's pension plan is valued in its accounts on a pay as you go basis with a supplementary allowance used to record any shortfall as determined on an actuarial basis.

As required under the Public Pensions Reporting Act, actuarial valuations are performed triennially using the projected benefit method prorated on services. The most recent actuarial valuation for each plan was prepared and tabled as follows: Public Service Pension Plan was as at December 31, 1986, the Canadian Forces was as at December 31, 1987, the Royal Canadian Mounted Police, the Federally appointed Judges and the Members of Parliament retiring allowances was as at December 31, 1985. The accrued benefit obligations are determined on an actuarial basis and incorporate management's best estimates of future economic events, such as inflation rates, interest rates and wages and salary increases. The expected long-term inflation rate beginning in 8 years is 3.5%.

The following table discloses pension and related interest costs charged to expenditure in 1989-90.

	(in millions of dollars)				
	Public Service	Canadian Forces	Royal Canadian Mounted Police	1990 Total	1989 Total
Employer contributions	517	300	79	896	903
Indexation	561	376	29	966	899
Interest credited to Accounts	3,744	2,255	374	6,373	5,748 ⁽¹⁾
	4,822	2,931	482	8,235	7,550

⁽¹⁾ Interest on pension accounts is stated, where applicable, net of amortization of actuarial deficiencies. Interest charged to the public debt represents the total of the two amounts.

Details of the Accounts are reproduced in Section 7 of this volume.

The pension expenditure is included in the Statement of Revenue and Expenditure as a component of other program expenditures. The pension interest expenditure is included in the public debt expenditure.

The Government promises to meet all superannuation obligations arising from its sponsored plans but separate funds are not maintained.

14. Unmatured Debt

The following table presents interest rates and maturity of debt issues by currency and type at face value.

Maturing date(s)	(in millions of dollars)							
	Marketable bonds			Canada Pension Plan non-marketable bonds	Treasury bills	Notes and loans	Canada bills	Total
	Canadian	Foreign currencies expressed in Canadian \$	Canada savings bonds ⁽¹⁾			Foreign currencies expressed in Canadian \$	Foreign currencies expressed in Canadian \$	
1991	10,651	479	3,808	5	118,550	156	1,446	135,095
1992	13,155		4,274	6				17,435
1993	10,123	807	5,540	7		21		16,498
1994	12,991	582	3,429	8				17,010
1995	13,401			9				13,410
1996/2000	28,204	2,260	15,662	62				46,188
2001/05	19,548		8,216	92				27,856
Subsequent	19,609			2,883				22,492
	127,682	4,128	40,929	3,072	118,550	177	1,446	295,984
Less: Government's holdings of unmatured debt ..	149	76	1,197					1,422
	127,533	4,052	39,732	3,072	118,550	177	1,446	294,562
Effective average annual interest rate	10.57	7.48	10.5	10.03	12.32	5.53	8.2	11.2
Range of interest rates	3-18	4.375-10.125	10.5	6.75-17.51	6.8-13.59	5.125-8.5	7.9-10.03	3-18

⁽¹⁾ Canada savings bonds are redeemable on demand.

Foreign currency amounts are translated to the Canadian dollar equivalent at year end. At year end, foreign currency borrowings included the following:

Currency	(in millions of dollars)		
	1990	1990	1989
	Face value	Canadian \$ equivalent	Canadian \$ equivalent
United States dollars	3,187	3,726	5,234
Deutsche marks			126
Swiss francs	400	312	502
Japanese yens ⁽¹⁾		1,713	2,553
		5,751	8,415

⁽¹⁾ The 1990 and 1989 Canadian \$ equivalent is comprised of the conversion of Yen debt 140,000 million and 1,086 million U.S. dollar swap risks.

The Government has entered into interest rate and currency swap agreements to facilitate management of the risks associated with its interest rate and foreign currency exposure. An interest rate

swap agreement involves the making of interest payments on a variable rate basis against an assumed principal for the duration of the original issue. A currency swap agreement is an exchange of debt into another currency until maturity, when repayment is made in the original currency.

Substantially all the debt of the Government is issued at fixed rates. However at March 31, 1990, the Government had interest swap agreements of U.S.\$950 million and CDN\$3,850 million in notional principal. Under these agreements which expire between 1990 and 1999, fixed interest rate commitments have been converted to variable rates (tied to LIBOR or Banker's Acceptance).

The Government has also entered into currency swap agreements thereby converting future exchange risks of 180,000 million Yen debt to U.S. \$1,086 million debt.

The interest to be paid or interest received on all swap transactions is recorded as part of the public debt in the Statement of Revenue and Expenditure.

15. Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories: fixed assets, purchases, operating leases and capital leases.

All contractual commitments of \$100 million or more per project are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

The Government's commitments with respect to international development assistance are discussed separately in Note 10 (iii).

The following amounts represent contractual commitments including those of consolidated Crown corporations where indicated at March 31, 1990 which will result in substantial outlays in future years.

i. Fixed assets, purchases and operating leases

	(in millions of dollars)			
	1990		1989 ⁽¹⁾	
	Total estimated cost	Out- standing commit- ment	Total estimated cost	Out- standing commit- ment
Fixed assets	14,414	5,176	18,112	5,629
Purchases ⁽²⁾	1,057	517	840	108
Operating ⁽²⁾ leases		381		
Total	15,471	6,074	18,952	5,737
Outstanding commitment by year:				
1991		2,026		1,656
1992		1,314		1,465
1993		771		878
1994		424		517
1995		387		345
1996/2000		1,152		876
		6,074		5,737

Details can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1989 are for one year increments for 1990 to 1994 and for increments of 5 years for 1995 to 1999.

⁽²⁾ Includes contractual commitments of consolidated Crown corporations.

ii. Capital leases

	(in millions of dollars)	
	1990	1989 ⁽¹⁾
Scheduled minimum lease payments to be made in:		
1991	66	67
1992	64	66
1993	64	64
1994	64	64
1995	64	64
1996/2000	318	318
2001/05	318	318
2006/10	322	328
2011/15	284	311
2016/20	178	181
2021/25	44	72
Total commitments under capital lease arrangements - minimum lease payments	1,786	1,853
Less: imputed interest	1,242	1,306
executory costs	1	2
Net commitments under capital lease arrangements	543	545

Details can be found in Section 11 of this volume.

⁽¹⁾ Figures for 1989 are for one year increments for 1990 to 1994 and for increments of 5 years for 1995 to 2024.

16. Insurance Programs

Three Crown corporations operate insurance programs as agents of Her Majesty. The insurance programs are intended to operate on a self-sustaining basis but in the event that such corporations do not have sufficient funds to meet their obligations, the Government provides the required financing through appropriations, either budgetary or non-budgetary. The Government is of the opinion that no allowance need be established in its financial statements for these insurance programs.

The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits with member banks and trust and loan companies for up to \$60,000 per depositor per institution. Total insured deposits at March 31, 1990 were \$233,022 million (\$245,123 million at March 31, 1989). The CDIC registered a profit for the twelve month period ended March 31, 1990 of \$174 million (\$74 million in 1989). The deficiency of the CDIC's Deposit Insurance Fund at March 31, 1990 was \$888 million (\$1,062 million at March 31, 1989). The deficiency has been funded in part by loans from the Government of \$1,375 million at March 31, 1990 (\$1,695 million at March 31, 1989). Amendments to the CDIC Act effective June 30, 1987, allow for premium levels to be set by the Governor in Council, at amounts not to exceed 1/6 of 1% of insured deposits. Other amendments allow for premium surcharges in risk situations and raise the loan limits from the Consolidated Revenue Fund from \$1.5 billion to \$3 billion. The Government is of the opinion that, based on current information, this restructuring will allow CDIC, over time, to eliminate its deficiency without budgetary support from the Government.

The Canada Mortgage and Housing Corporation administers the Mortgage Insurance Fund (MIF). The MIF provides insurance for mortgage lending on Canadian housing by private institutions. Insurance in force at March 31, 1990 was \$49,830 million (\$45,600 million at March 31, 1989). The MIF had income for the year ended March 31, 1990 of \$165 million (\$179 million in 1989). The surplus of the MIF at March 31, 1990 was \$83 million (\$82 million deficiency at March 31, 1989). Budgetary financial assistance is provided by the Government only to the extent that internally generated funds are insufficient to support cash outflows. In this regard, the MIF's recent excess of receipts over disbursements has resulted in investments in securities of \$568 million at March 31, 1990 (\$511 million in 1989).

The Export Development Corporation provides export and foreign investment insurance for the purpose of facilitating and developing export trade. Insurance in force at March 31, 1990 was \$4,326 million (\$3,496 million in 1989). The Corporation's premium revenues have been adequate to provide for the full costs of claims experienced to date and to establish an allowance for possible future claims based on past claims experience.

This information has not been audited since the information provided is derived from interim financial statements of the three corporations. The most recent annual financial statements of these corporations and their insurance funds can be found in Volume III of the Public Accounts. Details of the transactions for these three insurance programs for the year ended March 31, 1990 can be found in Section 11 of this volume.

17. Contingent Liabilities of the Government of Canada

A contingent liability is a potential liability which may become an actual liability when one or more future events occurs or fails to occur. The contingent liabilities of the Government consist of explicit guarantees and potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items.

The Government has 6 comprehensive native land claims under negotiation which is the maximum number that may be negotiated at any one time. Two of these claims are awaiting ratification and one has been agreed to in principle. Should all 3 be ratified and the legislation for the settlement thereof be enacted, the Government of Canada would be liable to pay financial compensation of \$1.4 billion which would come due and payable over a number of years. In addition to the compensation payments, the settlement of these 3 claims would lead to implementation costs, estimated to be \$600 million, over the next ten years.

An additional 19 comprehensive native claims have been validated and are awaiting negotiation. A total of 72 specific native claims were also at various stages of the negotiation process as at March 31, 1990. A further 203 specific claims were under review to determine their acceptability for negotiation pursuant to the provisions of the policy on specific claims. The amount of claims for land, financial and other benefits cannot be determined, therefore no amount for such claims is included in contingent liabilities. Failure to reach an acceptable agreement could lead to future litigation cases which would then be reported as contingent liabilities.

The Government's contingent liabilities with respect to international development assistance are discussed separately in Note 10 (iii).

The contingent liabilities of the Government including those of consolidated Crown corporations as at March 31, 1990 amounted to \$19,000 million and are summarized in the following table:

	(in millions of dollars)	
	1990	1989
i Explicit guarantees by the Government:		
Borrowings by non-agent Crown corporations	(1)	(1)
Borrowings by other than Crown corporations	5,128	4,902
Insurance programs of the Government	1,087	1,427
Other explicit guarantees ⁽²⁾	136	161
ii Pending and threatened litigation ⁽³⁾	10,489	2,751
iii Comprehensive Native Land Claims ⁽⁴⁾	1,964	
iv Consolidated Crown corporations	196	206
	<u>19,000</u>	<u>9,447</u>

Details can be found in Section 11 of this volume.

(1) Less than \$500,000.

(2) A letter of comfort has been issued with respect to credit grain sales by the Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payments by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to approximately \$4.2 billion at March 31, 1990 (\$3.7 billion in 1989).

(3) Includes \$7.7 billion (\$1.5 billion in 1989) related to native statutory and treaty obligations. This amount represents plaintiffs' claims in 73 (60 in 1989) litigation cases. There are another 120 (120 in 1989) similar cases, for which amounts are not stated in the claims, and for which it is not possible to determine the amounts of contingent liabilities.

(4) As indicated in the narrative above, there are three comprehensive land claims awaiting ratification:

(in millions of dollars)	
Council for Yukon Indians	248
Dene Nation and Métis Association	504
Tungavik Federation of Nunavut	<u>612</u>
Implementation costs related to the above claims	600
	<u>1,964</u>

In 1989, no comprehensive land claims had been ratified or agreed to in principle. Three of these claims reached the final stages of negotiations in 1990 and accordingly, the comparative figure for 1989 is nil.



**OPINION OF THE AUDITOR GENERAL
ON THE
FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA**

I have examined the statement of assets and liabilities of the Government of Canada as at March 31, 1990 and the statements of revenue and expenditure, accumulated deficit, changes in financial position and transactions for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary to enable me to report as required by Section 6 of the Auditor General Act.

In my opinion, these financial statements present fairly the financial position of the Government of Canada as at March 31, 1990 and the results of its operations, the changes in its financial position and its financial requirements for the year then ended in accordance with the stated accounting policies of the Government of Canada as set out in Note 1 to the financial statements applied, after giving retroactive effect to the changes in accounting policies as explained in Note 3, on a basis consistent with that of the preceding year.

Additional information and comments on the financial statements and this opinion are included in my observations in Chapter 2 of my annual Report to Parliament.

A handwritten signature in dark ink, appearing to read 'Kenneth M. Dye'.

KENNETH M. DYE, F.C.A.
Auditor General of Canada

Ottawa, Canada
August 3, 1990

SECTION 3

1989-90

PUBLIC ACCOUNTS

Budgetary Revenue

CONTENTS

	<i>Page</i>
Budgetary revenue	3.3
Revenue by main classification and source	3.3
Budgetary revenue in 1989-90	3.8
Tax revenue	3.8
Non-tax revenue	3.9

BUDGETARY REVENUE

Budgetary revenue consists of all tax and non-tax amounts which affect the annual surplus or deficit of the Government of Canada. Revenue is reported net of refunds, and excludes amounts credited to the Canada Pension Plan Account, super-annuation accounts, other specified purpose accounts, and other liability accounts.

The Government generally reports tax revenue in the year in which it is received and excludes taxes collected on behalf of provinces and territories and taxes receivable. Refunds are allocated to the year in which the obligations for refund, as determined by the completion of manual assessment and commencement of the mechanical processing cycle, occur.

Tax revenue for a fiscal year includes receipts credited to the Receiver General by the Bank of Canada and the chartered banks by March 31st and amounts received in federal government offices by March 31st, but not deposited until April or not credited to the Receiver General until April. Tax revenue also includes amounts received in the mail on the first working day of April, except when it is clear that it was the remitter's intention to discharge an obligation arising in the new fiscal year.

The main factors affecting the flow of tax revenue are variations in economic conditions, changes in statutory tax rates, and changes in the base upon which the statutory tax rates are applied and taxes are calculated. Although a taxpayer's income tax liability relates to a taxation year, advance collection of individual and corporation income taxes by payroll deductions

and instalment payments results in a distribution of receipts throughout the year. Similarly, sales and excise taxes and duties are received on a regular basis throughout the year.

The issue of timing for the purposes of accounting and recording of revenues and related receivables in a government environment has been a subject of debate for many years. Should revenue be recognized when cash is received (on a cash basis), or should it be recognized in the period in which the transaction occurred that gave rise to the revenue (on an accrual basis)? In the past, the Government has generally reported revenues, both tax and non-tax, on a cash basis, given the recognized difficulties in reporting tax revenues on an accrual basis. However, following the release of recommendations of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants, the Government has decided to record non-tax revenues on an accrual basis.

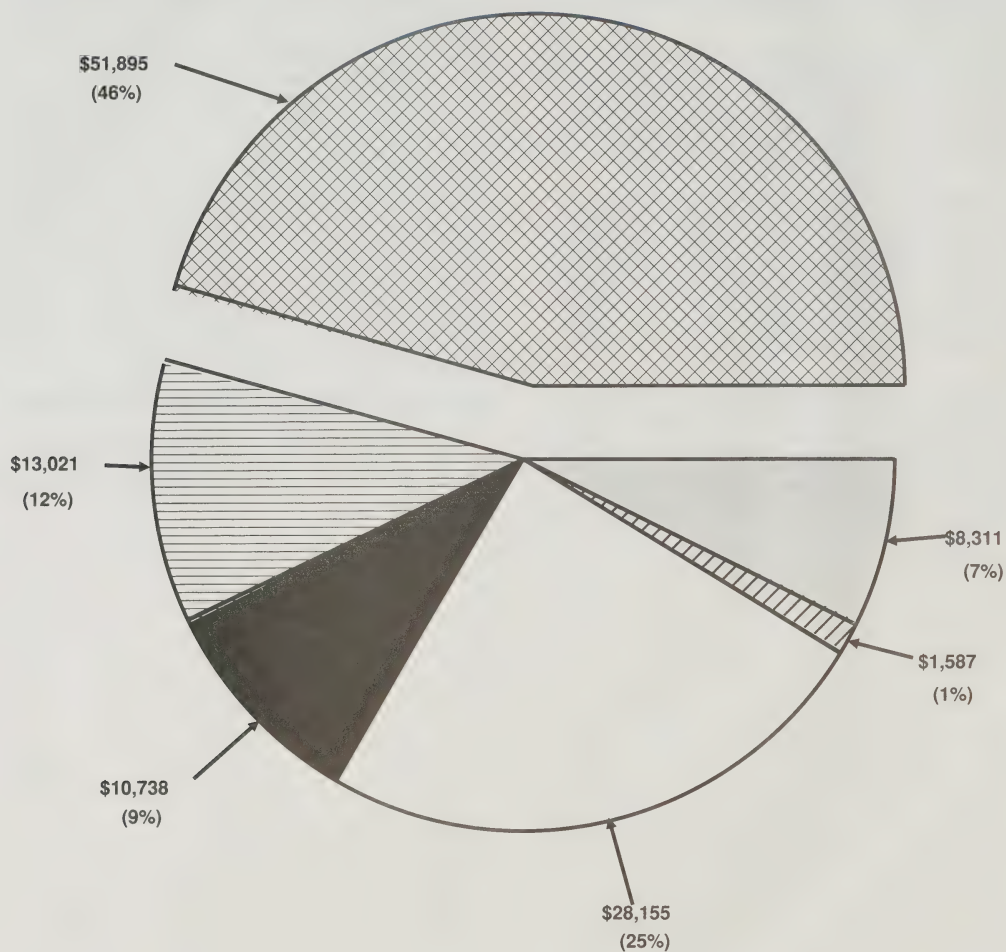
With the release of these Public Accounts, the basis for recording non-tax revenue has been changed to an accrual basis. Non-tax revenue is now recorded in the fiscal year in which the transactions or events occurred that gave rise to the revenue rather than in the year of receipt of the amounts.

Revenue by Main Classification and Source

Chart A presents the total net revenue from outside parties by main classification for the current fiscal year while Chart B compares the total net revenue from outside parties for the last five fiscal years.

CHART A
TOTAL NET REVENUE FROM OUTSIDE PARTIES
BY MAIN CLASSIFICATION

(in millions of dollars)



<input checked="" type="checkbox"/> Personal income tax
<input checked="" type="checkbox"/> Corporation income tax
<input checked="" type="checkbox"/> Unemployment insurance contributions

<input type="checkbox"/> Excise taxes and duties
<input checked="" type="checkbox"/> Other tax revenue
<input type="checkbox"/> Non-tax revenue

CHART B
TOTAL NET REVENUE FROM OUTSIDE PARTIES
(in billions of dollars)



Table 3.1 presents revenue by main classification and source on both a gross and net basis and segregates revenue internal to the Government from revenue from outside parties. The difference between gross and net revenue is revenue credited to appropriations and revenue of consolidated Crown corporations.

In this table, revenue from outside parties represents revenue from organizations and individuals outside the Government of Canada as a reporting entity while revenue internal to the Government represents revenue generated from transactions between organizations within the reporting entity. The Govern-

TABLE 3.1

REVENUE BY MAIN CLASSIFICATION AND SOURCE (in millions of dollars)

	1989-90							
	Gross revenue		Consolidated Crown Corporations ⁽⁴⁾	Revenue credited to appropriations		Net revenue		Total
	From outside parties ⁽²⁾	Internal to the Government		From outside parties	Internal to the Government	From outside parties ⁽²⁾	Internal to the Government	
Tax revenue—								
Income tax—								
Personal	51,895		51,895			51,895		51,895
Corporation	13,021		13,021			13,021		13,021
Unemployment insurance contributions	10,738		10,738			10,738		10,738
Non-resident	1,361		1,361			1,361		1,361
	77,015		77,015			77,015		77,015
Excise taxes and duties—								
Sales tax	17,672	97	17,769			17,672	97	17,769
Customs import duties	4,587	4	4,591			4,587	4	4,591
Excise duties	2,130		2,130			2,130		2,130
Other	1,789		1,789	494		1,295		1,295
	26,178	101	26,279	494		25,684	101	25,785
Energy taxes—								
Excise tax—Gasoline	2,154		2,154			2,154		2,154
Petroleum and gas revenue tax	57		57			57		57
Excise tax—Aviation gas and diesel fuel	260		260			260		260
Natural gas and gas liquids tax								
Oil export charges	(1)		(1)			(1)		(1)
Petroleum compensation charge	1		1	1				
Canadian Ownership special charge								
	2,472		2,472	1		2,471		2,471
	28,650	101	28,751	495		28,155	101	28,256
Other tax revenue	226		226			226		226
Total tax revenue	105,891	101	105,992	495		105,396	101	105,497
Non-tax revenue—								
Return on investments, Table 3.2	5,967	9	5,976	88	29	5,850	9	5,859
Proceeds from sales	422	285	707		206	216	11	227
Refunds of previous years' expenditure	551	8	559		4	547	8	555
Privileges, licences and permits	587	3	590		242	345	3	348
Services and service fees	1,400	3,028	4,428	1,215	3,023	185	5	190
Domestic coinage	355		355			355		355
Miscellaneous non-tax revenue	1,985	110	2,095	900	272	813	49	862
	5,300	3,434	8,734	900	1,939	3,358	76	2,537
Total non-tax revenue	11,267	3,443	14,710	988	1,968	8,311	85	8,396
Total revenue⁽³⁾	117,158	3,544	120,702	988	2,463	113,707	186	113,893

⁽¹⁾ Less than \$500,000.

⁽²⁾ Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.

⁽³⁾ Additional details are provided in Table 6 in Section 1 of Volume II (Part I).

⁽⁴⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

ment of Canada as a reporting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

Revenue credited to appropriations represents revenue that has been credited to expenditure rather than to revenue where authority has been granted by Parliament.

"Total net revenue" represents all budgetary revenue recorded in the accounts of Canada in accordance with the accounting policies of the Government. "Total gross revenue" is derived by adding to "Total net revenue" "Revenue credited to appropriations" and revenue of consolidated Crown corporations.

1988-89							
Gross revenue			Revenue credited to appropriations			Net revenue	
From outside parties ⁽²⁾	Internal to the Government	Total	Consolidated Crown corporations ⁽⁴⁾	From outside parties	Internal to the Government	From outside parties ⁽²⁾	Internal to the Government
							Total
46,026		46,026				46,026	46,026
11,730		11,730				11,730	11,730
11,268		11,268				11,268	11,268
1,578		1,578				1,578	1,578
70,602		70,602				70,602	70,602
15,645	99	15,744				15,645	99
4,521	6	4,527				4,521	6
1,453		1,453				1,453	
2,005		2,005		499		1,506	
23,624	105	23,729		499		23,125	105
2,174		2,174				2,174	
105		105				105	
369		369				369	
-1		-1				-1	
2		2		2			
-1		-1				-1	
2,648		2,648		2		2,646	
26,272	105	26,377		501		25,771	105
265		265				265	
97,139	105	97,244		501		96,638	105
5,654	7	5,661	85	22		5,547	7
328	283	611		185	270	143	13
384	12	396		1		383	12
532	3	535		223		309	3
1,344	2,663	4,007		1,128	2,659	216	4
110		110		2		108	
1,676	235	1,911	811	142	193	723	42
4,374	3,196	7,570	811	1,681	3,122	1,882	74
10,028	3,203	13,231	896	1,703	3,122	7,429	81
107,167	3,308	110,475	896	2,204	3,122	104,067	186

Budgetary Revenue in 1989-90

Total net budgetary revenue from outside parties increased by 9.2% or \$9,639 million, to \$113,707 million in 1989-90. Tax revenue, which accounts for 93% of total revenue, increased by \$8,757 million or 9.1%, while non-tax revenue increased by \$882 million or 11.8%.

Tax Revenue

The growth in tax revenue reflects a combination of factors. The continued strength in the underlying tax bases, especially personal income, which accompanied the growth in economic activity throughout 1989, was the prime factor underlying the increase in tax revenue. In addition, fiscal and cash management initiatives introduced in past budgets, particularly the introduction of the Large Corporations Tax, the increase in the personal income surtaxes, and the January 1990 initiatives to accelerate the remittance of income taxes contributed to the increase in tax revenue.

Personal Income Tax

The personal income tax is levied on personal income under the provisions of the Income Tax Act. Personal income tax continues to be the largest source of Government revenue, accounting for almost 46% of total budgetary revenue in 1989-90. It amounted to \$51,895 million, an increase of 12.8%, and accounted for more than 61% of the increase in total budgetary revenue.

The increase in personal income tax revenue in 1989-90 was largely due to the strength of the economy, particularly personal income which, in 1989, grew by 9%. The increase in personal income, in turn, reflected the continued strength in employment and advances in wages and salaries.

The increase in personal income tax revenue also reflects the impact of the increases in the high-income and general surtaxes introduced in the April 1989 Budget to reduce the deficit. Dampening the overall impact of the strength in economic activity and the April 1989 Budget measures on personal income tax revenue was the effect of tax reform, introduced in 1988. Although tax reform was effective January 1, 1988, holding tables for source deductions were not changed until July 1, 1988 to reflect the new system, implying substantially larger refund payments in 1989-90 than in 1988-89. Partially offsetting the impact of the higher refunds, however, was the \$1.0 billion one-time acceleration of source deduction remittances from large employers and quarterly instalments from individual taxpayers. Employers with average monthly remittances of \$50,000 or more are now required to remit the tax withholdings from their employees up to four times per month, while the remittance of quarterly income tax instalment payments by individuals was accelerated from the end of the last month of each quarter to the 15th day of the last month of each quarter.

Corporation Income Tax

The corporation income tax is levied on corporation income under the provisions of the Income Tax Act. Corporation income

tax collections amounted to \$13,021 million in 1989-90, an increase of 11% from 1988-89. The growth in corporate tax revenue occurred despite the fact that corporate profits before taxes declined 13.4% relative to the previous year. The increase in corporate income tax revenue in 1989-90 is largely attributable to the impact of tax reform introduced in 1988 and the policy measures introduced in the April 1989 Budget.

As part of tax reform, corporate income tax rates were lowered and the tax base was substantially broadened. As a result, overall corporate tax revenues have increased as the impact of the base broadening measures more than offset that of the rate reductions. Capital cost allowance rates were decreased and the general investment tax credit has been eliminated. The earned depletion allowance has been phased-out. Many changes were also made to the taxation of financial institutions and life insurance companies. The inclusion rate applying to capital gains has been increased to three-fourths from one-half in 1987 and the use of other tax reductions has been limited — i.e. meals and entertainment expense deductibility, preferred share financing, leasing rules, etc.

In the April 1989 Budget, a new large corporations tax of 0.175% on capital employed in Canada in excess of \$10 million was introduced effective July 1, 1989. In addition, the surtax on corporate income was modified and the remittance of corporate income tax instalments due after 1989 was accelerated.

Unemployment Insurance Contributions

Premiums from employers and employees are levied under the provisions of the Unemployment Insurance Act and are classified as part of budgetary revenue. In 1989-90, unemployment insurance premiums decreased 4.7%, to a level of \$10,738 million. This decline is attributable to the reduction in the 1989 premium rate (the employee premium rate was reduced from \$2.35 per \$100 of insurable earnings in calendar year 1988 to \$1.95 per \$100 of insurable earnings in calendar year 1989). The overall impact of the decline in premium rates in 1989 was partly offset by the strength in employment and labour income, the impact of the acceleration initiative affecting the remittance of source deductions and the increase in premium rates in 1990 (the employee premium rate was increased to \$2.25 per \$100 of insurable earnings for calendar year 1990).

Non-Resident Income Tax

Non-resident income tax is levied on the income earned in Canada by non-residents under the provisions of the Income Tax Act. It is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents. It amounted to \$1,361 million in 1989-90, a decrease of 13.8% from its year-earlier level. This decrease reflects extraordinarily large dividend payments made by Canadian companies to foreigners in 1988-89 and the impact of discretionary measures introduced in past budgets which extend the exemption for certain long-term government and corporate debt obligations.

Excise Taxes and Duties

Excise taxes and duties are collected under the Excise Tax Act and Customs Tariff Act. Excise taxes and duties totalled \$28,155 million in 1989-90, an increase of 9.3% over 1988-89.

Sales tax

The sales tax, totalling \$17.672 million in 1989-90, up 13% from that recorded in 1988-89, was the most important tax levied under the Excise Tax Act. The growth in sales tax revenue reflects the strength in consumer and business expenditures throughout 1989 and the impact of the increases in tax rates announced in the April 1989 Budget. More specifically, on June 1, 1989, the general manufacturers' sales tax rate was increased one-and-a-half percentage points to 13.5% and the telecommunication services and programming services rate went to 11% from 10%. The rate applying to construction materials and equipment was increased to 9% from 8% effective January 1, 1990 while the rate applicable to tobacco and alcohol taxes increased to 19% from 18% effective midnight April 28, 1990. This tax is to be replaced by the proposed Goods and Services Tax, effective January 1, 1991.

Customs import duties

Revenues from customs import duties, consisting mainly of ad valorem taxes on the importation of goods levied under the Customs Tariff Act, totalled \$4,587 million in 1989-90, an increase of 1.5% over the previous fiscal year result. The outcome for 1989-90 for customs import duties is influenced by two offsetting factors: on one hand, there was positive growth in the tax base which served to increase revenue while on the other hand, the phase-out, starting January 1, 1989, of all bilateral tariffs under the Canada-U.S. Free Trade Agreement served to reduce customs import duties revenue.

Other excise taxes and duties

Excise duties are levied on alcoholic beverages (other than wines) and tobacco products. In addition to tobacco products, excise taxes are imposed on other items such as jewelry, passenger vehicle air conditioners and telecommunications programming services — i.e. television cable rental and pay television. Other excise taxes and duties revenue amounted to \$3,425 million in 1989-90, up 15.7% from its previous year's level. The increase is largely attributable to the impact of policy changes introduced in the April 1989 Budget — i.e. increases in the excise taxes on telecommunications programming services, manufactured tobacco products and in the excise duties on cigarettes, beer and alcoholic beverages.

Energy taxes

Energy taxes primarily include the excise tax on gasoline and aviation gas and diesel fuel. Prior to the elimination of the National Energy Program, energy taxes also included the petroleum and gas revenue tax, the natural gas and gas liquids tax, oil export charges, the petroleum compensation charge, and the Canadian Ownership Special Charge. Energy tax revenue amounted to \$2,471 million in 1989-90, a decrease of 6.6% relative to last year's result. During 1989-90, the excise tax on gasoline and aviation gasoline was increased by 1-cent-per-litre, midnight April 28, 1990 and by a further 1-cent-per-litre on January 1, 1990. An additional 1-cent-per-litre on leaded gasoline and aviation gasoline was applied effective midnight April 28, 1990.

Other Tax Revenue

Other tax revenue is comprised primarily of withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts. In 1989-90, other tax revenue amounted to \$226 million, a decrease of 21.1% from 1988-89.

Non-Tax Revenue

Non-tax revenue, consisting of return on investments and other non-tax revenue, increased 10.6% in 1989-90, to \$8,311 million.

Return on Investments

Return on investments consists mainly of interest from loans and advances, transfer of profits and surpluses, and rental income from properties. Return on investments amounted in 1989-90 to \$5,850 million, an increase of 6% over last year's result. Table 3.2 presents a comparative summary of return on investments. The table also discloses the reconciling items between the total ministerial return on investments amount as reported in Table 6 in Section 1 of Volume II (Part I) and the amount as reported in Table 3.1. The reconciling items include an adjustment to the Exchange Fund Account to reflect the net income of the account from January 1, 1990 to March 31, 1990, the revenue of the consolidated specified purpose accounts and the accrual of non-tax revenue amounts. The return on investments internal to the Government has been deducted from the total net return on investments to obtain the total net return on investments from outside parties. Revenue credited to appropriations from outside parties and revenue of consolidated Crown corporations have been included in the latter to obtain total gross return on investments from outside parties.

TABLE 3.2

RETURN ON INVESTMENTS⁽¹⁾

(in millions of dollars)

	1989-90	1988-89	Increase or decrease(-)
Loans, investments and advances—			
Enterprise Crown corporations—			
Lending institutions—			
Canada Deposit Insurance Corporation	172	134	38
Canada Mortgage and Housing Corporation	822	845	-23
Export Development Corporation	3	2	1
Farm Credit Corporation	239	301	-62
	1,236	1,282	-46
All other enterprise Crown corporations—			
Atomic Energy of Canada Limited	59	77	-18
Canadian National Railway Company	15	16	-1
Other—			
Bank of Canada	2,239	1,938	301
Canada Development Investment Corporation—			
Eldorado Nuclear Limited	11	1	10
Canada Post Corporation	8	4	4
Canadian Dairy Commission	9	5 ⁽²⁾	4
Montreal Port Corporation	9	(2)	9
Royal Canadian Mint	62	3	59
Telegraph Canada		50 ⁽²⁾	-50
Vancouver Port Corporation	23		23
Miscellaneous	19	7	12
	2,454	2,101	353
	3,690	3,383	307
Provincial and territorial governments	74	76	-2
National governments including developing countries	50	49	1
Veterans' Land Act Fund—			
Advances	5	6	-1
Joint and mixed enterprises	10	16	-6
Miscellaneous	21	23	-2
	160	170	-10
	3,850	3,553	297
Foreign exchange accounts—			
Exchange Fund Account	1,661	1,658	3
International Monetary Fund—Subscriptions	11	6	5
	1,672	1,664	8
Cash—			
Interest on bank deposits	278	255	23
Other accounts—			
Interest on investment re: military purchases	29	22	7
Government's holdings of unmatured debt	5	7	-2
Supply Revolving Fund	8	6	2
Accrual of non-tax revenue	11	38	-27
Other	6	9	-3
	59	82	-23
Total net return on investments	5,859	5,554	305
Return on investments internal to the Government	-9	-7	-2
Total net return on investments from outside parties	5,850	5,547	303
Revenue credited to appropriations from outside parties	29	22	7
Consolidated Crown corporations	88	85	3
Total gross return on investments from outside parties	5,967	5,654	313

⁽¹⁾ Additional details are provided in Table 6 in Section 1 of Volume II (Part I).⁽²⁾ Less than \$500,000.

Other Non-Tax Revenue

Other non-tax revenue is comprised of refunds of previous years' expenditure, services and services fees, privileges, licences and permits, proceeds from the sale of capital assets and current goods and services, domestic coinage, and miscellaneous non-tax revenue. Other non-tax revenue increased 24.2% to \$2,461 million in 1989-90. This increase was largely attributable to the net proceeds from the gain on sale of the remaining shares of Air Canada and the seigniorage from the sale of new dollar coins.

SECTION 4

1989-90

PUBLIC ACCOUNTS

Budgetary Expenditure

CONTENTS

	<i>Page</i>
Budgetary expenditure	4.3
Expenditure by type and source	4.3
Budgetary expenditure in 1989-90	4.6
Supplementary statements—	
Public debt charges	4.8
Expenditure under Statutory Authority	4.10
Transfer payments	4.12
Details of transfer payments by province	4.13

BUDGETARY EXPENDITURE

Budgetary expenditure consists of all charges to budgetary appropriations which affect the annual deficit or surplus of the Government. Such charges include those for work performed, goods received, services rendered, and transfer payments made, during the year and in the supplementary period including accounts payable at year end. In addition, budgetary expenditure may also include provisions for valuation of loans, investments and advances, for borrowings of enterprise Crown corporations, which are agents of the Crown, and for other obligations related to statutory items and annual appropriations. As well, net expenditures of the Unemployment Insurance Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are also included.

Budgetary expenditure excludes amounts charged to the Canada Pension Plan Account, superannuation accounts, other specified purpose accounts and other liability accounts.

With the release of these Public Accounts, changes in accounting policies affecting budgetary expenditure have been made. These changes are in response to reservations and recommendations expressed in the past by the Auditor General and the House of Commons Standing Committee on the Public Accounts. The actuarial liability for the indexed portion of federal government employee pensions is now recorded. Allowances for general contingencies have been established in the event of possible future multilateral agreement by the Organisation for Economic Co-operation and Development countries on debt or debt service reduction with respect to sovereign loans, and Crown corporations, that are appropriation-dependent, are now part of the Government's reporting entity.

Expenditure by Type and Source

Chart A presents the total net expenditure with outside parties by type for the current fiscal year, while Chart B compares the total net expenditure with outside parties for the last five fiscal years.

Table 4.1 presents expenditure by type and source. The table is presented on both a gross and a net basis and segregates expenditure with outside parties from expenditure internal to the Government. The difference between gross and net expenditure is revenue credited to appropriations and revenue of consolidated Crown corporations credited to expenditure.

In this table, expenditure with outside parties represents expenditure incurred as a result of transactions with organizations and individuals outside the Government of Canada as a reporting entity. Expenditure internal to the Government represents expenditure incurred in transactions between organizations within the reporting entity. The Government of Canada as a reporting entity is defined in Note 1 to the audited financial statements in Section 2 of this volume.

Revenue credited to appropriations represents revenue that has been credited to budgetary expenditure, rather than budgetary revenue, where such authority has been granted by Parliament, and revenue of consolidated Crown corporations credited to expenditure.

"Total net expenditure" represents all budgetary expenditure recorded in the accounts of Canada in accordance with the accounting policies of the Government. "Total gross expenditure" is derived by adding to "Total net expenditure" "Revenue credited to appropriations" and revenue of consolidated Crown corporations credited to expenditure.

CHART A
TOTAL NET EXPENDITURE
WITH OUTSIDE PARTIES BY TYPE
(in millions of dollars)

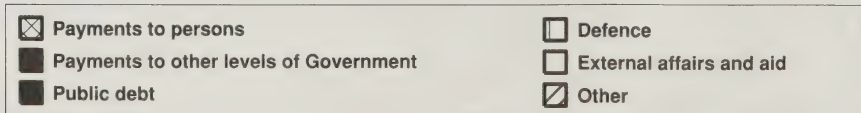
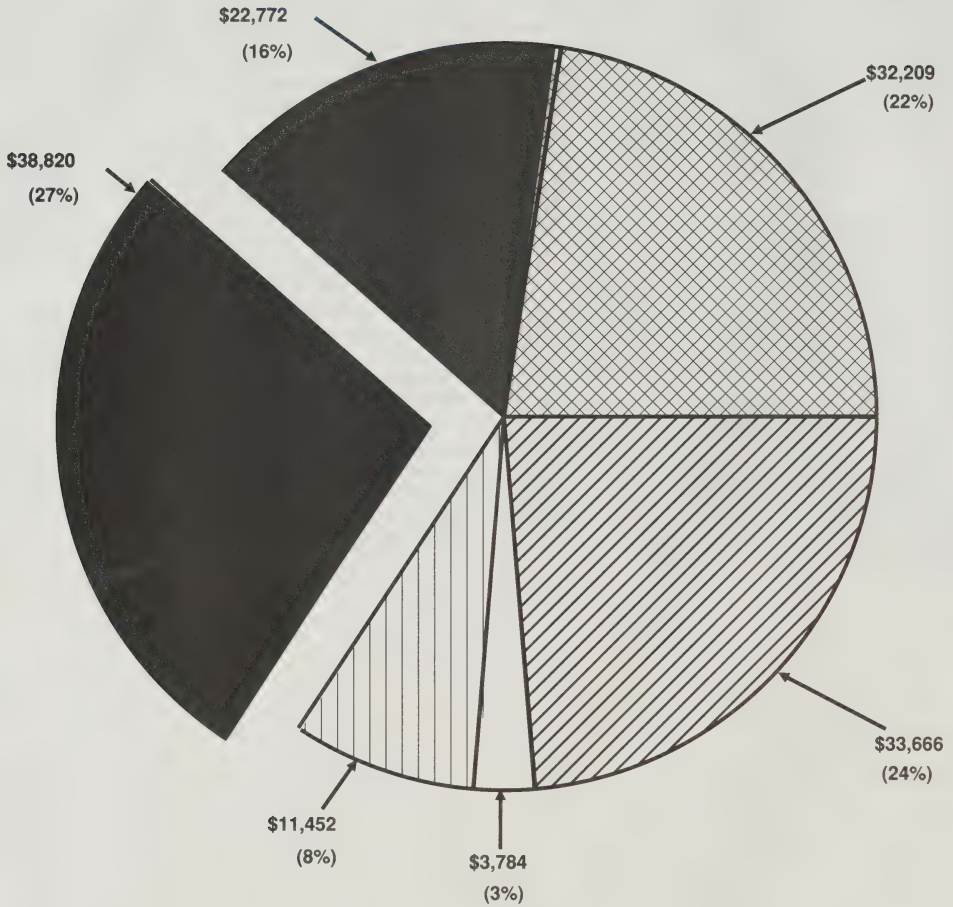


CHART B
TOTAL NET EXPENDITURE
WITH OUTSIDE PARTIES
(in billions of dollars)



TABLE 4.1

EXPENDITURE BY TYPE AND SOURCE

(in millions of dollars)

	1989-90								
	Gross expenditure			Revenue credited to appropriations			Net expenditure		
	With outside parties ⁽¹⁾	Internal to the Government	Total	Consolidated Crown corporations ⁽³⁾	From outside parties	Internal to the Government	With outside parties ⁽¹⁾	Internal to the Government	Total
Major transfer and subsidy payments—									
To persons—									
Old age security benefits, guaranteed income supplements and spouses' allowances	16,154		16,154				16,154		16,154
Unemployment insurance benefits	11,694		11,694				11,694		11,694
Family allowances	2,653		2,653				2,653		2,653
Veterans' benefits	1,708		1,708				1,708		1,708
	32,209		32,209				32,209		32,209
To other levels of Government—									
Fiscal arrangements	8,937		8,937				8,937		8,937
Insurance and medical care services	6,663		6,663				6,663		6,663
Canada Assistance Plan	5,006		5,006				5,006		5,006
Education support	2,166		2,166				2,166		2,166
	22,772		22,772				22,772		22,772
Total major transfer and subsidy payments	54,981		54,981				54,981		54,981
Other program expenditures—									
Defence	11,800	72	11,872	1	347	14	11,452	58	11,510
External affairs and aid	3,824	3	3,827	10	30		3,784	3	3,787
All other government organizations	36,729	3,469	40,198	977	2,086	3,344	33,666	125	33,791
Total other program expenditures	52,353	3,544	55,897	988	2,463	3,358	48,902	186	49,088
Public debt, Table 4.2	38,820		38,820				38,820		38,820
Total expenditure ⁽²⁾	146,154	3,544	149,698	988	2,463	3,358	142,703	186	142,889

⁽¹⁾ Reflected on the Statement of Revenue and Expenditure in Section 2 of this volume.⁽²⁾ Additional information is provided in Table 4 in Section 1 of Volume II (Part I).⁽³⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Budgetary Expenditure in 1989-90

Total net budgetary expenditure with outside parties increased 7.3% to \$142,703 million in 1989-90, compared to an increase of 5.7% in 1988-89. The increase in the rate of growth in 1989-90 was largely attributable to public debt charges, which advanced by 17%, compared to an increase of 14.3% in 1988-89. The rate of growth in program spending was 4%, up from the increase of 3.1% recorded in 1988-89, but below the rate of inflation, as measured by the consumer price index, of 5%.

Public debt charges, which account for about 27.2% of total Government spending, increased 17%, to \$38,820 million, up from the increase of 14.3% registered in 1988-89. The increase in the rate of growth of public debt charges in 1989-90 reflects the compounding effect of increases in interest rates and the increase in the stock of debt. The continued strength in economic activity in 1989 and the accompanying inflationary pressures resulting from tight labour and product markets resulted in monetary policy remaining restrictive throughout

fiscal year 1989-90. As a result, interest rates were higher in 1989-90 than in 1988-89. Given the stock of federal debt, the impact of these higher interest rates on debt servicing costs resulted in the large increase in public debt charges in 1989-90.

Total program spending - that is, total Government spending excluding public debt charges - advanced 4% to \$103,883 million in 1989-90, up from the 3.1% growth rate experienced in 1988-89. This is well below the 7.8% advance in the gross domestic product and the 5% increase in the consumer price index in 1989. The moderate increase in program expenditures reflects to a large extent the impact of various restraint measures that the Government has introduced since November 1984. These measures include the phasing-out and reduction of various expenditure programs, limits on indexation, reductions in the number of person-years, and other actions to control operating costs. As in 1988-89, most of the increases during the year were in areas of direct social assistance and fiscal transfers to other levels of government.

1988-89								
Gross expenditure			Revenue credited to appropriations			Net expenditure		
With outside parties ⁽¹⁾	Internal to the Government	Total	Consolidated Crown corporations ⁽³⁾	From outside parties	Internal to the Government	With outside parties ⁽¹⁾	Internal to the Government	Total
15,202		15,202				15,202		15,202
10,972		10,972				10,972		10,972
2,606		2,606				2,606		2,606
1,612		1,612				1,612		1,612
30,392		30,392				30,392		30,392
8,127		8,127				8,127		8,127
6,678		6,678				6,678		6,678
4,556		4,556				4,556		4,556
2,227		2,227				2,227		2,227
21,588		21,588				21,588		21,588
51,980		51,980				51,980		51,980
11,293	101	11,394	1	266	22	11,026	79	11,105
3,849	2	3,851	4	27	1	3,818	1	3,819
35,827	3,205	39,032	891	1,911	3,099	33,025	106	33,131
50,969	3,308	54,277	896	2,204	3,122	47,869	186	48,055
33,169		33,169				33,169		33,169
136,118	3,308	139,426	896	2,204	3,122	133,018	186	133,204

Major transfer payments to persons represent the largest single component of federal government program spending. Transfers in this component include direct federal payments under the elderly benefit systems (old age security, guaranteed income supplements, and spouses' allowances), unemployment insurance benefits, family allowances, and veterans' benefits and allowances. A major portion of spending in this category is formula-funded or demand-driven, with changes reflecting developments in economic activity and the underlying population bases. In 1989-90, transfer payments to persons rose 6%, up from the 4.8% increase reported in 1988-89. The increase in the rate of growth in spending in this component largely reflects the impact of higher inflation rate in 1989 on the indexed programs. Growth in spending on major transfer payments to persons in 1989-90 was concentrated in higher elderly benefit and unemployment insurance program payments. The increase in elderly benefits reflected increases in both average benefits, which are indexed to quarterly changes in the consumer price index, and

the eligible population base. The increase in unemployment insurance program benefits was largely due to increases in average benefits as the number of beneficiaries was relatively unchanged. Increases in veterans' benefits and allowances and family allowances reflected advances in the consumer price index. The modest growth in family allowances reflects the partial indexation of benefits and a declining population base.

The federal government provides substantial financial support to other levels of government to assist them in carrying out programs for which the provinces have the primary responsibility, such as health care, post-secondary education, and social assistance. Major transfers to other levels of government consist of fiscal arrangements, Established Programs Financing, and the Canada Assistance Plan, among others. Fiscal arrangements include the equalization program, transfers to the territories, grants to municipalities in lieu of taxes, as well as the Reciprocal Taxation program. Major transfers to other levels of government increased 5.5% in 1989-90, compared to 7.6%

reported in 1988-89. Most of the increase in 1989-90 was concentrated in equalization transfers to lower-income provinces. The impact of robust overall growth in provincial revenues in 1989, and in prior years as well, has resulted in significantly higher equalization payments to the provinces. Payments under the Canada Assistance Plan continued to grow strongly in 1989-90 reflecting an increase in provincial spending on eligible programs. In contrast, direct cash transfers to the provinces under the Established Programs Financing were lower in 1989-90 than in the previous year, despite the fact that total entitlements under this program are about 6 % higher. Total entitlements are sourced through a combination of tax point transfers and direct cash transfers. The lower cash payments reflect prior-year adjustments, coupled with the strength in tax bases throughout 1989-90 with the result that a larger portion of the overall transfer was made through an increase in the value of the tax points.

Defence spending rose 3.9% to \$11,453 million in 1989-90, up from a 2.4% growth rate in 1988-89. The moderate growth in defence spending in the past two fiscal years reflects the impact of the reduction measures announced in the April 1989 Budget, as well as the timing of capital expenditures. This component of spending had been increasing by 2% a year in real terms.

Expenditures on external affairs and aid decreased by .9% to \$3,784 million in 1989-90, compared to a 3.5% growth rate in 1988-89.

All other program spending by the federal government consists of payments to Crown corporations, subsidies and other transfers, and spending on operations of Government. This component registered an increase of 1.9% in 1989-90, compared to an increase of 1.8% in 1988-89. The growth in 1989-90 primarily reflects developments in the agricultural sector, as no net payments were made under the Western Grain Stabilization

Act in 1989-90, while payments under the Western Grain Transportation Act were lower due to a decline in shipments. In addition, energy subsidies were also lower, primarily reflecting the termination of the Canadian Exploration and Development Incentive Program. The impact of these lower transfers was largely offset by increased transfers to natives and to regional development agencies. The rate of growth of operations of Government was restrained by the impact of past budget measures.

SUPPLEMENTARY STATEMENTS

Public Debt Charges

Public debt charges include interest on unmatured debt (including Canada and Treasury bills), on specified purpose accounts and on other accounts, costs of issuing new loans, amortization of bond discounts, premiums and commissions, and the costs of servicing the public debt.

The increase of \$4,922 million in public debt charges related to unmatured debt is commensurate with an increase in the debt, which rose from \$277,624 million at March 31, 1989 to \$295,984 million at March 31, 1990. The increase of \$712 million in public debt, charges related to specified purpose accounts was due mainly to an increase in the balances of superannuation accounts.

A comparative summary of public debt charges is presented in Table 4.2. The table also discloses the reconciling items between total public debt charges as reported in the Finance ministerial section (Section 10) of Volume II (Part I) and the total net expenditure of the public debt as per Table 4.1. The reconciling items include the expenditure of the consolidated specified purpose accounts. Since no portion of revenue credited to appropriations applies to public debt, total gross public debt is identical to total net public debt.

TABLE 4.2

PUBLIC DEBT CHARGES⁽¹⁾
(in millions of dollars)

	1989-90	1988-89	Increase or decrease (-)
Unmatured debt—			
Marketable bonds—			
Payable in Canadian currency	13,045	11,946	1,099
Payable in foreign currencies	372	453	-81
	<i>13,417</i>	<i>12,399</i>	<i>1,018</i>
Canada savings bonds	4,857	5,326	-469
Special non-marketable bonds—			
Canada Pension Plan Investment Fund	307	291	16
Treasury bills	12,905	8,452	4,453
Notes and loans—			
Payable in foreign currencies	104	210	-106
Canada bills	84	85	-1
Servicing costs and costs of issuing new loans	71	60	11
Total public debt charges related to unmatured debt	<i>31,745</i>	<i>26,823</i>	<i>4,922</i>
Specified purpose accounts—			
Superannuation accounts	6,373	5,748	625
Government Annuities Account	62	65	-3
Canada Pension Plan Account	356	250	106
Deposit and trust accounts	179	115	64
Other	3	83	-80
Total public debt charges related to specified purpose accounts	<i>6,973</i>	<i>6,261</i>	<i>712</i>
Consolidated specified purpose accounts—			
Unemployment Insurance Account	91	15	76
Western Grain Stabilization Account	2	-1	3
Agricultural Commodities Stabilization Accounts	8	20	-12
Other	16	14	2
Total public debt charges related to consolidated specified purpose accounts	<i>117</i>	<i>48</i>	<i>69</i>
Total public debt charges related to other accounts	<i>102</i>	<i>85</i>	<i>17</i>
Total public debt charges ⁽²⁾	<i>38,937</i>	<i>33,217</i>	<i>5,720</i>
Less:			
Total public debt charges related to consolidated specified purpose accounts	<i>117</i>	<i>48</i>	<i>69</i>
Total net/gross public debt expenditure with outside parties	<i>38,820</i>	<i>33,169</i>	<i>5,651</i>

⁽¹⁾ Additional details are provided in Table 4 in Section 1 of Volume II (Part I).

⁽²⁾ Additional details are provided in Section 8 of Volume II (Part II).

Expenditure under Statutory Authority

The spending authority provided by statutory appropriations is for specified purposes and for such amounts and such time as the acts prescribe. This spending authority does not generally lapse at the end of the year in which it is granted. Expenditure under such authority accounts for more than half of the total net expenditure each year.

Table 4.3 presents a comparative summary of these statutory expenditures. The table also discloses the reconciling items between the total ministerial expenditure under statutory authority

and the total net statutory expenditure. The reconciling items include the statutory expenditure of the consolidated specified purpose accounts and the provision for valuation. Expenditure internal to the Government has been deducted from the total net statutory expenditure to obtain the total net statutory expenditure with outside parties. Revenue credited to appropriations from outside parties has been added to the latter to obtain the total gross statutory expenditure with outside parties.

TABLE 4.3

EXPENDITURE UNDER STATUTORY AUTHORITY (in millions of dollars)

	1989-90	1988-89	Increase or decrease (-)
Public debt charges	38,937	33,217	5,720
Old age security payments	11,818	10,963	855
Federal-provincial fiscal arrangements and public utilities	8,128	7,298	830
Payments for insured health services and extended health care services	6,663	6,678	-15
Canada Assistance Plan payments	4,885	4,584	301
Guaranteed income supplement payments	3,873	3,766	107
Family allowance payments	2,654	2,606	48
Government's contribution to the Unemployment Insurance Account	2,423	2,416	7
Post-secondary education payments to provinces	2,166	2,227	-61
Payments under the Forgiveness of Certain Official Development Assistance Debts Act	648	68	580
Payments to railway companies under the Western Grain Transportation Act	569	777	-208
Spouse's allowance payments	462	473	-11
Interest payments under the Canada Student Loans Act	408	387	21
Grants to municipalities and other taxing authorities	284	294	-10
Payments to International Development Association	336	288	48
Reciprocal taxation	319	285	34
Payments in connection with the Western Grain Stabilization Act	234	268	-34
Government's contribution in respect of fishermen's benefits	251	240	11
Superannuation, supplementary retirement benefits, death benefits and other pensions—			
Public Service—			
Government's matching contribution to the Public Service Superannuation Account	426	434	-8
Statutory payments under the Supplementary Retirement Benefits Act	561	528	33
Government's contribution as employer to the Unemployment Insurance Account	186	172	14
Government's matching contribution to the Canada and the Quebec Pension Plans	137	131	6
Government's matching contribution to the Supplementary Retirement Benefits Account	90	79	11
Government's matching contribution to the death benefit account	8	7	1
	1,408	1,351	57
Less: recoveries from revolving funds	94	78	16
	1,314	1,273	41
Canadian Forces—			
Government's matching contribution to the Canadian Forces Superannuation Account	270	255	15
Statutory payments under the Supplementary Retirement Benefits Act	376	344	32
Government's contribution as employer to the Unemployment Insurance Account	67	69	-2
Government's matching contribution to the Canada and the Quebec Pension Plans	47	41	6
Government's matching contribution to the Supplementary Retirement Benefits Account	30	28	2
Government's matching contribution to the death benefit account	2	2	0
	792	739	53

TABLE 4.3

EXPENDITURE UNDER STATUTORY AUTHORITY— *Concluded*
(in millions of dollars)

	1989-90	1988-89	Increase or decrease (—)
Royal Canadian Mounted Police—			
Government's matching contribution to the Royal Canadian Mounted Police Superannuation Account	71	99	
Statutory payments under the Supplementary Retirement Benefits Act	29	27	
Government's contribution as employer to the Unemployment Insurance Account	15	15	
Government's matching contribution to the Canada and the Quebec Pension Plans	10	9	
Government's matching contribution to the Supplementary Retirement Benefits Account	9	8	
	134	158	—24
Payments under the Defence Services and Royal Canadian Mounted Police Pension Continuation Act	16	15	1
All other statutory expenditures	1,117	2,237	—1,120
Total ministerial expenditure under statutory authority ⁽¹⁾	88,431	81,257	7,174
Consolidated specified purpose accounts—			
Unemployment Insurance Account	9,740	8,909	831
Western Grain Stabilization Account	—236	—63	—173
Crop Reinsurance Fund	96	3	93
Agricultural Commodities Stabilization Accounts	418	180	238
Other	⁽²⁾	⁽²⁾	
Total expenditure of consolidated specified purpose accounts	10,018	9,029	989
Provision for valuation	715	2,073	—1,358
Total net statutory expenditure with outside parties	99,164	92,359	6,805
Revenue credited to appropriation from outside parties	418	330	88
Total gross statutory expenditure with outside parties	99,582	92,689	6,893

⁽¹⁾ Additional details are provided in Table 3 in Section 1 of Volume II (Part I).⁽²⁾ Less than \$500,000.

Transfer Payments

The transfer payments information presented in Note 7 to the audited financial statements of the Government of Canada in Section 2 of this volume are presented in more detail in the

following table. This table shows payments exceeding \$300 million.

TABLE 4.4

TRANSFER PAYMENTS BY TYPE OF TRANSFER (in thousands of dollars)

	1989-90	1988-89	Increase or decrease (—)
Payments to persons—			
Old age security— ^[1]			
Old age security benefits	11,818,257	10,963,365	854,892
Guaranteed income supplements	3,873,311	3,765,839	107,472
Spouses' allowances	462,162	473,220	—11,058
	<i>16,153,730</i>	<i>15,202,424</i>	<i>951,306</i>
Unemployment Insurance Account payments ^[1]	11,690,216	10,868,890	821,326
Family allowances (including youth) ^[1]	2,653,506	2,605,700	47,806
Payments to native people and associations	1,937,513	1,700,015	237,498
Veterans benefits—			
Pensions to veterans of World Wars I and II	814,568	759,303	55,265
Grants and scholarships in aid of research	571,383	533,727	37,656
Pensions to Government employees not authorized under Superannuation Acts	432,064	396,907	35,157
Other	2,148,839	2,078,769	70,070
	<i>36,401,819</i>	<i>34,145,735</i>	<i>2,256,084</i>
Payments to provinces, territories and municipalities—			
Taxation agreements	7,814,260	6,956,754	857,506
Canada Health Act—			
Extended health care services ^[1]	1,345,798	1,270,629	75,169
Insured health services ^[1]	5,317,324	5,407,500	—90,176
	<i>6,663,122</i>	<i>6,678,129</i>	<i>—15,007</i>
Canada Assistance Plan payments ^[1]	4,885,271	4,583,550	301,721
Post-secondary education adjustment payments ^[1]	2,166,079	2,227,453	—61,374
Payments to territories for operating expenditures	1,115,343	880,880	234,463
Grants in lieu of taxes	314,082	325,446	—11,364
Other	2,461,717	2,673,623	—211,906
	<i>25,419,874</i>	<i>24,325,835</i>	<i>1,094,039</i>
Payments to enterprises—Subsidies and capital assistance—			
Payments under the Western Grain Transportation Act	576,954	824,657	—247,703
Payments under industrial and regional development	440,752	388,301	52,451
Payments to producers for commodities under the Agricultural Stabilization Act	410,363	452,927	—42,564
Defence industry payments	300,909	248,585	52,324
Other	1,609,737	2,320,178	—710,441
	<i>3,338,715</i>	<i>4,234,648</i>	<i>—895,933</i>
Payments to or on behalf of international organizations and foreign countries—			
Purchase of goods for development assistance	412,677	551,218	—138,541
International food aid program	366,654	426,826	—60,172
Payments to United Nations and related organizations	358,233	413,988	—55,755
Contributions to Canadian non-government organizations	325,203	316,739	8,464
Purchase of services for development assistance	321,007	289,672	31,335
Other	845,367	797,186	48,181
	<i>2,629,141</i>	<i>2,795,629</i>	<i>—166,488</i>
Payments to non-profit institutions and organizations—			
Assistance to encourage employment	684,467	783,674	—99,207
Other	981,357	920,764	60,593
	<i>1,665,824</i>	<i>1,704,438</i>	<i>—38,614</i>
Total transfer payments	69,455,373	67,206,285	2,249,088

^[1] An analysis by province is shown in Table 4.5 for these transfer payments.

Details of Transfer Payments by Province

Table 4.5 presents an analysis by province of selected important transfer payments. Except for Unemployment

insurance, more details can be found in Section 7 of Volume II (Part II) of the Public Accounts.

TABLE 4.5

SELECTED IMPORTANT TRANSFER PAYMENTS BY PROVINCE

(in thousands of dollars)

	Transfers to persons			Transfers to provinces, territories and municipalities			
	Old age security ⁽¹⁾	Family allowances	Unemployment insurance ⁽²⁾	Insured health services	Extended health care services	Post-secondary education	Canada Assistance Plan
Newfoundland	369,827	66,775	834,345	137,296	29,217	57,109	101,040
	<i>350,304</i>	<i>67,650</i>	<i>754,749</i>	<i>138,206</i>	<i>27,401</i>	<i>58,006</i>	<i>91,339</i>
Prince Edward Island	103,681	14,179	154,468	31,451	6,676	13,182	23,881
	<i>99,089</i>	<i>13,995</i>	<i>138,441</i>	<i>31,568</i>	<i>6,286</i>	<i>13,246</i>	<i>22,602</i>
Nova Scotia	652,614	89,615	576,844	213,697	45,457	88,870	157,186
	<i>621,575</i>	<i>89,206</i>	<i>523,743</i>	<i>218,340</i>	<i>43,204</i>	<i>91,687</i>	<i>152,869</i>
New Brunswick	519,527	75,985	639,078	173,129	36,831	72,019	158,936
	<i>493,314</i>	<i>75,935</i>	<i>596,827</i>	<i>176,225</i>	<i>34,765</i>	<i>74,089</i>	<i>149,789</i>
Quebec	4,240,385	646,046	3,781,763	958,496	343,157	366,040	1,106,377
	<i>3,972,370</i>	<i>635,263</i>	<i>3,423,306</i>	<i>959,168</i>	<i>324,787</i>	<i>371,050</i>	<i>1,128,973</i>
Ontario	5,535,470	947,635	2,612,685	1,860,546	491,279	755,152	1,761,467
	<i>5,219,740</i>	<i>926,771</i>	<i>2,350,605</i>	<i>1,897,044</i>	<i>462,852</i>	<i>776,478</i>	<i>1,510,952</i>
Manitoba	772,071	115,596	373,474	261,592	55,577	109,617	194,497
	<i>735,804</i>	<i>114,455</i>	<i>360,250</i>	<i>269,352</i>	<i>53,398</i>	<i>113,188</i>	<i>197,777</i>
Saskatchewan	747,669	114,527	300,724	256,448	51,820	107,466	152,857
	<i>709,426</i>	<i>114,547</i>	<i>305,686</i>	<i>244,458</i>	<i>49,466</i>	<i>103,070</i>	<i>155,153</i>
Alberta	1,131,844	272,041	866,179	626,943	125,007	262,967	513,187
	<i>1,059,284</i>	<i>266,362</i>	<i>866,308</i>	<i>666,339</i>	<i>117,462</i>	<i>285,380</i>	<i>487,870</i>
British Columbia	1,985,338	299,643	1,504,991	779,498	156,727	325,972	693,782
	<i>1,859,609</i>	<i>290,311</i>	<i>1,505,456</i>	<i>786,886</i>	<i>147,226</i>	<i>332,800</i>	<i>663,112</i>
Total provinces	16,058,426	2,642,042	11,644,551	5,299,096	1,341,748	2,158,394	4,863,210
	<i>15,120,515</i>	<i>2,594,495</i>	<i>10,825,371</i>	<i>5,387,586</i>	<i>1,266,847</i>	<i>2,218,994</i>	<i>4,560,436</i>
Northwest Territories	11,530	8,375	20,147	12,394	2,742	5,168	16,859
	<i>10,816</i>	<i>8,179</i>	<i>19,738</i>	<i>13,452</i>	<i>2,544</i>	<i>5,716</i>	<i>15,003</i>
Yukon Territory	5,680	3,089	22,900	5,834	1,308	2,517	5,202
	<i>5,263</i>	<i>3,026</i>	<i>21,396</i>	<i>6,462</i>	<i>1,238</i>	<i>2,743</i>	<i>8,111</i>
International	78,094		2,618				
	<i>65,830</i>		<i>2,385</i>				
Total	16,153,730	2,653,506	11,690,216	5,317,324	1,345,798	2,166,079	4,885,271
	<i>15,202,424</i>	<i>2,605,700</i>	<i>10,868,890</i>	<i>5,407,500</i>	<i>1,270,629</i>	<i>2,227,453</i>	<i>4,583,550</i>

Amounts in roman type are 1989-90 transfer payments.

Amounts in *italic* type are 1988-89 transfer payments.

⁽¹⁾ Includes guaranteed income supplements and spouses' allowances.

⁽²⁾ Includes fishermen's benefits.

SECTION 5

1989-90

PUBLIC ACCOUNTS

Consolidated Accounts

CONTENTS

	<i>Page</i>
Consolidated Crown corporations	5.3
Details of the consolidation of the Government and the consolidated Crown corporations	5.3
Summary financial statements of consolidated Crown corporations	5.5
Borrowings by consolidated agent Crown corporations . .	5.10
Contingent liabilities of consolidated Crown corporations	5.10
Financial assistance under budgetary appropriations to consolidated Crown corporations	5.11
Consolidated specified purpose accounts	5.12
Unemployment Insurance Account	5.13
Canadian Ownership Account	5.14
Western Grain Stabilization Account	5.14
Crop Reinsurance Fund	5.14
Agricultural Commodities Stabilization Accounts	5.15
Environmental Studies Research Funds	5.15
Insurance Accounts	5.15
Other Specified Purpose Accounts	5.16
Supplementary statement—	
Canada Employment and Immigration Commission relating to the Unemployment Insurance Account	5.18



CONSOLIDATED CROWN CORPORATIONS

This section provides all related information on consolidated Crown corporations.

Consolidated Crown corporations are those Crown corporations who rely on Government funding as their principal source of revenue. Crown corporations are defined to include either parent Crown corporations or wholly-owned subsidiaries. A wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations.

Consolidation involves the combination of the accounts of the corporations described in the preceding paragraph on a line-by-line and uniform basis of accounting and eliminating inter-organizational balances and transactions. Before these balances and transactions can be eliminated, the corporations' accounts must be adjusted to the Government basis of accounting. Most corporations follow generally accepted accounting principles (GAAP) used by private sector companies. The most significant difference between GAAP and the Government basis of accounting is that under GAAP, non-financial assets such as buildings, machinery, equipment and inventories are reflected as assets and written-off over their respective lives or as they are consumed or used. The Government treats the acquisition of non-financial assets as expenditures in the year of acquisition.

Details of the Consolidation of the Government and the Consolidated Crown Corporations

Table 5.1 discloses details of the consolidation of Crown corporations as defined above. The table presents balances and transactions with outside parties and shows revenues and expenses on a net basis together with the gross-up of transactions as reported in the Government's financial statements.

TABLE 5.1

DETAILS OF THE CONSOLIDATION OF THE GOVERNMENT AND CONSOLIDATED CROWN CORPORATIONS
AS AT MARCH 31, 1990
(in thousands of dollars)

	Per Tables 5.2 and 5.3	Reclassi- fication ⁽¹⁾	Eliminations	Balances and net transactions included in Government's financial statements	Transactions gross - up	Eliminations in Government's financial statements	Eliminations, balances and gross transactions included in Government's financial statements
ASSETS							
Cash, Table 11.2 Section 11	172,120			172,120			172,120
Accounts receivable, Table 11.1 Section 11	204,413	117,235		321,648			321,648
Accounts receivable from enterprises Crown corporations	117,235	-117,235					
Loans, investments and advances, Table 6.18 Section 6	663,715			663,715			663,715
	1,157,483			1,157,483			1,157,483
Assets with the Government							
Claims against Government	236,252		-236,252				
Deposit and trust with the Government, Table 7.10 Section 7	25,887		-25,887			25,887	25,887
Other accounts, Table 7.14 Section 7	5,938		-5,938			5,938	5,938
Government securities, Table 10.1 Section 10	54,743		-54,743			54,743	54,743
	322,820		-322,820			86,568	86,568
TOTAL ASSETS	1,480,303		-322,820	1,157,483		86,568	1,244,051
LIABILITIES							
Borrowings, Table 8.4 Section 8	-20,436			-20,436			-20,436
Accounts payable, Table 8.1 Section 8	-868,140	-13,078		-881,218		236,252	-644,966
Accounts payable to enterprise Crown corporations	-13,078	13,078					
Liabilities and equity of Government							
Borrowings, contributed capital and capital stock, Table 6.3 Section 6	-687,668		687,668			-687,668	-687,668
TOTAL LIABILITIES	-1,589,322		687,668	-901,654		-451,416	-1,353,070
SURPLUS(-)/DEFICIT END OF YEAR	109,019		-364,848	-255,829		364,848	109,019
REVENUE							
Return on investments	-87,501	87,501			-87,501		-87,501
Operating revenue	-1,027,660	1,027,660			-1,037,281	136,868	-900,413
Revenue with Government and enterprise Crown corporations							
Financial assistance	-4,545,812	4,545,812					
Other revenue	-31,440	31,440					
TOTAL REVENUE, Table 3.1 Section 3	-5,692,413	5,692,413			-1,124,782	136,868	-987,914
EXPENSES							
Defence	15,928	-16,457		-529	957		428
External Affairs	148,879	-138,808		10,071	9,925	-5,283	14,713
Other Government organisations	5,491,794	-5,404,128		87,666	1,113,900	-16,536	1,185,030
Expenses with Government and enterprise Crown corporations							
	248,069	-133,020	-115,049				
TOTAL EXPENSES	5,904,670	-5,692,413	-115,049	97,208	1,124,782	-21,819	1,200,171
NET LOSS	212,257		-115,049	97,208		115,049	212,257
SURPLUS(-)/DEFICIT BEGINNING OF YEAR	-103,238						-103,238
SURPLUS(-)/DEFICIT END OF YEAR	109,019						109,019

Notes to Tables 5.2 and 5.3 are an integral part of this table.

⁽¹⁾ The reclassification represents the regrouping of enterprise Crown corporations with third parties and the netting of revenues against expenses.

Summary Financial Statements of Consolidated Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of the consolidated Crown corporations.

For those corporations having other year ends than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Tables 5.2 and 5.3 summarize the financial transactions and results of operations of each consolidated Crown corporation in accordance with its own respective accounting policies. Most consolidated Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpended portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expended as these assets are used. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between those relating to outside parties, Government and other Crown corporations as well as other adjustments and dividends paid to outside parties. These adjustments may increase or reduce the amount of income accruing to the Government. Equity transactions with the Government include dividends declared, transfers of profits to the Government and non-current financial assistance provided by the Government. The line "Conversion to the Government accounting basis for consolidation purpose" represents the adjustments required to bring the corporations' generally accepted accounting principles basis of accounting to the Government's basis of accounting.

These tables present consolidated financial information on consolidated parent Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. Volume III of the Public Accounts includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Corporations Operation Act. In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by consolidated agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Table 5.4 summarizes such borrowings for the consolidated corporations and the changes during the year ended March 31, 1990.

A summary of financial assistance under Government budgetary appropriations to consolidated Crown corporations for the year ended March 31, 1990 is provided in Table 5.6. Differences in figures reported in Table 5.3 and those reported in Table 5.6 result from the use of different accounting policies and from items in transit.

TABLE 5.2

FINANCIAL POSITION OF CONSOLIDATED CROWN CORPORATIONS — ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 1990

(in thousands of dollars)

	Assets			
	Financial	Government and other Crown corporations	Physical assets and deferred charges	Total
Crown corporations ⁽¹⁾	Outside			
Atomic Energy of Canada Limited	772,425	155,303	24,018	951,746
Canada Council	87,477	32,501	15,790	135,768
Canada Harbour Place Corporation	1,043	22	66,297	67,362
Canada Lands Company Limited				
Canada Lands Company (Mirabel) Limited	950			950
Canada Lands Company (Vieux-Port de Québec) Inc	513			513
Old Port of Montréal Corporation Inc	2,752		36	2,788
Canada Mortgage and Housing Corporation				
Minister's Account				
Canada Museums Construction Corporation Inc	903	13,574	188,424	202,901
Canadian Broadcasting Corporation	65,915	21,065	854,027	941,007
Canadian Dairy Commission				
Dairy Support Operation Financed				
by the Government of Canada				
Canadian Film Development Corporation	4,965	39,833	2,988	47,786
Canadian Institute for International Peace and Security	1,779		336	2,115
Canadian Livestock Feed Board	156	1,709		1,865
Canadian National (West Indies) Steamship Limited (2) (3)	1,398	95		1,493
Canadian Patents and Development Limited	1,441	74	11	1,526
Canertech Inc (4)	16,309			16,309
Defence Construction (1951) Limited	1,423	381	462	2,266
Enterprise Cape Breton Corporation	6,740	1,944	16,974	25,658
Harbourfront Corporation	19,674	4,165	7,211	31,050
International Centre for Ocean Development	1,158	591	29	1,778
International Development Research Centre	15,797		6,327	22,124
Jacques Cartier and Champlain Bridges Incorporated, The	462	6,841	16,953	24,256
Marine Atlantic Inc	9,367	30,918	425,026	465,311
Mingan Associates, Ltd (3)			355	355
National Arts Centre Corporation	1,860	56	5,856	7,772
National Capital Commission	15,109	5,268	323,336	343,713
Standards Council of Canada	838	725	662	2,225
Via Rail Canada Inc	13,718	127,305	767,021	908,044
Total consolidated corporations	1,044,172	442,370	2,722,139	4,208,681
Conversion to the Government accounting				
basis for consolidation purpose	3,924	2,315	2,722,139	2,728,378
Total on the Government accounting basis	1,040,248	440,055		1,480,303

⁽¹⁾ All Crown corporations listed in this table are parent Crown corporations except the following: Canada Lands Company (Mirabel) Limited, Canada Lands Company (Vieux-Port de Québec) Inc., Old Port of Montréal Corporation Inc., Canertech Inc., and The Jacques Cartier and Champlain Bridges Incorporated.

⁽²⁾ On October 20, 1985, an Act procuring the dissolution of certain Crown corporations authorized the Minister responsible for Canadian National (West Indies) Steamships Ltd, to dissolve the Corporation.

⁽³⁾ The Corporation is inactive.

⁽⁴⁾ Petro-Canada has been authorized to dissolve Canertech Inc. and dispose of its investments on October 9, 1986.

Liabilities					
Outside parties		Government and other Crown Corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
19,376	132,703	588,879	740,958	210,788	951,746
	30,273	356	30,629	105,139	135,768
	401		401	66,961	67,362
	263	687	950		950
	5	305	310	203	513
	1,287	1,501	2,788		2,788
	15,419	304	15,723	187,178	202,901
	294,532	45,775	340,307	600,700	941,007
	32,979		32,979	14,807	47,786
	381		381	1,734	2,115
	2,725		2,725	-860	1,865
	14	324	338	1,155	1,493
	869		869	657	1,526
	792	29,570	30,362	-14,053	16,309
	4,149	1,029	5,178	-2,912	2,266
	3,152	14	3,166	22,492	25,658
	5,829		5,829	25,221	31,050
	1,025	185	1,210	568	1,778
	17,056	1,043	18,099	4,025	22,124
	4,744	71	4,815	19,441	24,256
	460,730	3,948	464,678	633	465,311
				355	355
1,060	4,804	628	6,492	1,280	7,772
	38,684	3,792	42,476	301,237	343,713
	1,277	51	1,328	897	2,225
	266,535	27,278	293,813	614,231	908,044
20,436	1,320,628	705,740	2,046,804	2,161,877	4,208,681
	452,488	4,994	457,482	2,270,896	2,728,378
20,436	868,140	700,746	1,589,322	-109,019	1,480,303

TABLE 5.3

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1990

(in thousands of dollars)

	Revenues			
	Outside parties	Government and Crown corporations		Total
		Financial assistance ⁽¹⁾	Other	
Crown corporations				
Atomic Energy of Canada Limited	253,597	194,945	1,426	449,968
Canada Council	6,825	103,503	4,327	114,655
Canada Harbour Place Corporation	5,289		197	5,486
Canada Lands Company Limited				
Canada Lands Company (Mirabel) Limited	101	1,795		1,896
Canada Lands Company (Vieux-Port de Québec) Inc				
Old Port of Montréal Corporation Inc	2,606	5,049		7,655
Canada Mortgage and Housing Corporation				
Minister's Account		1,706,884		1,706,884
Canada Museums Construction Corporation Inc				
Canadian Broadcasting Corporation	347,305	849,335	5,668	1,202,308
Canadian Dairy Commission				
Dairy Support Operation Financed				
by the Government of Canada		275,089		275,089
Canadian Film Development Corporation	14,289	145,595		159,884
Canadian Institute for International Peace and Security	159	5,000		5,159
Canadian Livestock Feed Board		18,145	2	18,147
Canadian National (West Indies) Steamship Limited	144			144
Canadian Patents and Development Limited	2,449	799	68	3,316
Canertech Inc	1,294			1,294
Defence Construction (1951) Limited	931	14,332		15,263
Enterprise Cape Breton Corporation	4,118			4,118
Harbourfront Corporation	14,300		975	15,275
International Centre for Ocean Development	96	10,100	2,199	12,395
International Development Research Centre	9,673	108,500	2,910	121,083
Jacques Cartier and Champlain Bridges Incorporated, The	8,308	13,706	393	22,407
Marine Atlantic Inc	68,473	125,085	1,158	194,716
Mingan Associates, Ltd.				
National Arts Centre Corporation	18,958		874	19,832
National Capital Commission	28,963	94,144	4,172	127,279
Standards Council of Canada	1,494	7,564	507	9,565
Via Rail Canada Inc	224,677	449,666	7,625	681,968
Total	1,014,049	4,129,236	32,501	5,175,786
Conversion to the Government accounting basis for consolidation purpose	101,112	416,576	-1,061	516,627
Total on the Government accounting basis	1,115,161	4,545,812	31,440	5,692,413

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$236,392 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 5.6 because of differences resulting from the different accounting policies followed.

Expenses								
Outside parties	Government and Crown corporations	Total	Income/or loss(-)	Adjustments	Government share of net income/or loss(-)	Equity transactions with Government	Equity beginning of year	Equity end of year
407,401	52,810	460,211	-10,243		-10,243	5,321	215,710	210,788
113,206		113,206	1,449		1,449	3,815	99,875	105,139
7,275	197	7,472	-1,986		-1,986		68,947	66,961
1,181	715	1,896						
7,655		7,655					203	203
1,641,994	64,890	1,706,884						
1,305,886		1,305,886	-103,578	-73,921	-29,657	31,705	155,473	187,178
						78,423	551,934	600,700
274,576	513	275,089						
167,778	1,528	169,306	-9,422		-9,422		24,229	14,807
5,172		5,172	-13		-13		1,747	1,734
18,873	205	19,078	-931		-931		71	-860
			144		144		1,011	1,155
3,120		3,120	196		196		461	657
			1,294		1,294		-15,347	-14,053
15,389		15,389	-126		-126		-2,786	-2,912
20,922		20,922	-16,804		-16,804	7,300	31,996	22,492
20,427		20,427	-5,152		-5,152	-559	30,932	25,221
11,872		11,872	523		523		45	568
130,946		130,946	-9,863		-9,863		13,888	4,025
22,192	1,390	23,582	-1,175		-1,175	108	20,508	19,441
191,055	3,954	195,009	-293	-1,945	1,652		-1,019	633
							355	355
35,655	1,264	36,919	-17,087		-17,087	15,891	2,476	1,280
100,731	8,093	108,824	18,455		18,455		282,782	301,237
8,616	745	9,361	204		204		693	897
874,128	84,978	959,106	-277,138	-121,594	-155,544	-82,725	852,500	614,231
5,386,050	221,282	5,607,332	-431,546	-197,460	-234,086	59,279	2,336,684	2,161,877
270,551	26,787	297,338	219,289	197,460	21,829	-59,279	-2,233,446	-2,270,896
5,656,601	248,069	5,904,670	-212,257		-212,257		103,238	-109,019

Borrowings by Consolidated Agent Crown Corporations

Table 5.4 summarizes the borrowing transactions by consolidated agent Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the Financial Administration Act (FAA) which requires that "An annual statement be included in the Public Accounts". The borrowings are from

other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings are consolidated in the summary financial statements of Canada.

TABLE 5.4

BORROWINGS BY CONSOLIDATED AGENT CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1989	Borrowings and other credits	Repayments and other charges	Balance March 31/1990 ⁽¹⁾
Atomic Energy of Canada Limited	20,997	1,679	3,300	19,376
National Arts Centre Corporation		3,575	2,515	1,060
Total	20,997	5,254	5,815	20,436

Notes to Tables 5.2 and 5.3 are an integral part of this table.

⁽¹⁾The maturity of the above borrowings for the first five years is: 1991, \$3,195; 1992, \$1,881; 1993, \$2,046; 1994, \$2,229; 1995, \$2,428 and \$8,657 for subsequent years.

Contingent Liabilities of Consolidated Crown Corporations

Table 5.5 summarizes the contingent liabilities of the consolidated Crown corporations. A contingent liability is defined as a

potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 5.5

CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS

(in thousands of dollars)

	March 31, 1990
Consolidated agent Crown corporations	
Canada Museums Construction Corporation Inc-contract disputes	13,000
Canertech Inc-miscellaneous litigations	77,000
Enterprise Cape Breton Corporation-loan guarantee	29,565
Defence Construction (1951) Limited-contract disputes	10,976
National Capital Commission-miscellaneous litigation and agreements	36,139
	166,680
Consolidated non-agent Crown corporations	
Marine Atlantic Inc-contract disputes	28,875
	28,875
Total	195,555

Notes to Tables 5.2 and 5.3 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Consolidated Crown Corporations

Table 5.6 summarizes financial assistance under budgetary appropriations for both consolidated agent and non-agent Crown corporations. It should be read in conjunction with Table 5.3. The purpose for which payments have been made under budgetary

appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 5.6

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO CONSOLIDATED CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1990 (in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital
<u>Agent Crown corporations</u>			
Atomic Energy of Canada Limited	205,640	205,640	
Canada Lands Company Limited			
Canada Lands Company (Mirabel) Limited	1,949	1,949	
Old Port of Montréal Corporation Inc	6,055	6,055	
Canada Mortgage and Housing Corporation(2)	1,735,079	1,735,079	
Canada Museums Construction Corporation Inc	33,214		33,214
Canadian Broadcasting Corporation	981,375	853,335	128,040
Canadian Film Development Corporation	145,595	145,595	
Canadian Livestock Feed Board	18,285	18,285	
Canadian Patents and Development Limited	799	799	
Defence Construction (1951) Limited	15,500	15,500	
Enterprise Cape Breton Corporation	7,300	7,300	
National Capital Commission	94,145	74,636	19,509
	3,244,936	3,064,173	180,763
<u>Non-agent Crown corporations</u>			
Canada Council	103,503	103,503	
Canadian Institute for International Peace and Security	5,000	5,000	
Harbourfront Corporation	3,649	3,649	
International Centre for Ocean Development	10,100	10,100	
International Development Research Centre	108,500	108,500	
Jacques Cartier and Champlain Bridges Incorporated, The	13,948	13,948	
Marine Atlantic Inc	265,465	265,465	
National Arts Centre Corporation	17,891	17,891	
Standards Council of Canada	7,564	7,564	
VIA Rail Canada Inc	521,120	521,120	
	1,056,740	1,056,740	
Total	4,301,676	4,120,913	180,763

(1) Excludes grants and contributions paid to agent and non-agent Crown corporations where they qualify as members of a general class of recipients.

(2) Includes budgetary appropriations for Government programs known as the "Minister's account".

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

Consolidated specified purpose accounts are categories of budgetary revenue and expenditure which report transactions of certain accounts where enabling legislation requires that revenues be earmarked, and that related payments and expenditures be charged against such revenues.

In the past, earmarked revenues were credited to non-budgetary accounts, with related offsetting payments and expenditures charged thereto. The transactions of these accounts are reported with budgetary revenue and expenditure, in order to provide a more comprehensive reporting of the Government's operating results.

Commencing with the 1989-90 fiscal year, transactions in insurance and other specified purposes accounts are reported as budgetary revenue and expenditure. This was done as a result of changes in accounting policies affecting specified purpose accounts and has been applied on a retroactive basis.

Further, enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 5.7 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Unemployment Insurance Account, together with the Auditor General's report thereon, are presented at the end of this section.

TABLE 5.7

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS

	Receipts and other credits			Payments and other charges		Net increase or decrease (-)		
	April 1/1989	From outside parties	Internal to the Government	With outside parties	Internal to the Government	March 31/1990	1990	1989
	\$	\$	\$	\$	\$	\$	\$	\$
Unemployment Insurance Account, Table 5.8	-26,795,428	10,738,289,059	2,781,529,260	12,521,761,846		971,261,045	998,056,473	208,455,657
Canadian Ownership Account	1,907,813,043	274,908				1,908,087,951	274,908	-766,396
Add: investments made through the Canadian Ownership Account	1,656,854,321					1,656,854,321		
Canadian Ownership special charge collected	3,564,667,364	274,908				3,564,942,272	274,908	-766,396
Western Grain Stabilization Account	635	156,108,390	236,322,155	644,991	391,786,189		-635	8,855,441
Less: interest-bearing loans ..	1,409,795,918		246,069,995			1,163,725,923	-246,069,995	-95,441,181
	-1,409,795,283	156,108,390	482,392,150	644,991	391,786,189	-1,163,725,923	246,069,360	104,296,622
Crop Reinsurance Fund	-34,845,153	397,304		96,420,584		-130,868,433	-96,023,280	40,074,767
Agricultural Commodities Stabilization Accounts	117,867,748	165,851,703	135,035,219	553,138,601	216,836,318	-351,220,249	-469,087,997	-66,497,381
Less: interest-bearing loans ..	24,054,365		214,300,838			-190,246,473	-214,300,838	24,054,365
	93,813,383	165,851,703	349,336,057	553,138,601	216,836,318	-160,973,776	-254,787,159	-90,551,746
Environmental Studies Research Funds	172,007	1,294,302		282,333		1,183,976	1,011,969	-149,817
Insurance Accounts —								
Fishing Vessel Insurance Plan ⁽¹⁾	22,642,963	10,905,065		9,534,213		24,013,815	1,370,852	4,700,476
Nuclear Liability Reinsurance Account ⁽¹⁾ ..	532,567	1,454				534,021	1,454	1,425
Investors' Indemnity Account ⁽¹⁾	23,834	2,091	35,000	8,728		52,197	28,363	
Land Assurance Fund ⁽¹⁾	1,270,291	97,029		622		1,366,698	96,407	188,967
Health Insurance Supplementary Account ⁽¹⁾	28,387					28,387		
Ship-Source Oil Pollution Fund ⁽¹⁾	149,618,850		15,629,700	465,559		164,782,991	15,164,141	13,457,885
	174,116,892	11,005,639	15,664,700	10,009,122		190,778,109	16,661,217	18,348,753

TABLE 5.7

CONSOLIDATED SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	Receipts and other credits			Payments and other charges		Net increase or decrease (-)		
	April 1/1989	From outside parties	Internal to the Government	With outside parties	Internal to the Government	March 31/1990	1990	1989
	\$	\$	\$	\$	\$	\$	\$	\$
Other Specified Purpose Accounts —								
National Museums of Canada ⁽²⁾	2,372,258	3,972,065	363,948	2,278,533		4,429,738	2,057,480	968,610
Marconi Celebration Trust Fund ⁽²⁾	50,000	44,264		80,264		14,000	-36,000	-100,000
Claudia de Hueck Bequest Account ⁽²⁾	408,287		44,760	50,753		402,294	-5,993	34,318
Natural Sciences and Engineering Research Council—Donation Trust Fund ⁽²⁾	18,472			17,322		1,150	-17,322	-22,720
Inuvik General Hospital ⁽²⁾	2,773	2,773		5,546			-2,773	
Sioux Lookout Zone Hospital ⁽²⁾	2,274		60	956		1,378	-896	-2,667
National Battlefields Commission Trust Fund ⁽²⁾	154,343		16,951			171,294	16,951	13,537
Ted Harrison Poster Fund ⁽²⁾	2,202	823		2,325		700	-1,502	-523
Medical Research Council—Donations for research ⁽²⁾	321,157	984,321	43,132	713,564		635,046	313,889	268,168
National Library—Special Operating Account ⁽²⁾	5,597	69,899		67,342		8,154	2,557	-8,156
National Round Table on the Environment and Economy		15,832				15,832	15,832	
National Archives of Canada Account ⁽¹⁾	151,042	25,340		9,598		166,784	15,742	-8,000
Hungarian Medical School Projects ⁽¹⁾	10,000	7,347		17,455		-108	-10,108	10,000
Canadian Centre for Occupational Health and Safety—Donations ⁽¹⁾	960	5,065				6,025	5,065	960
	3,499,365	5,127,729	468,851	3,243,658		5,852,287	2,352,922	1,153,527
Total	2,364,833,148	11,078,349,034	3,629,391,018	13,185,501,135	608,622,507	3,278,449,557	913,616,410	280,861,367

(1) This account was reported in Table 7.14 (Section 7 of this volume) in 1988-89.

(2) This account was reported in Table 7.10 (Section 7 of this volume) in 1988-89.

Unemployment Insurance Account

The Unemployment Insurance Act provides for a compulsory contributory unemployment insurance program applicable to all employees, with few exceptions.

The Act authorizes an account in the accounts of Canada to be known as the Unemployment Insurance Account.

The Act provides that the following be credited to the Account: (a) premiums, fines, penalties and interest; (b) Government share of benefits paid; (c) refunds of overpayments of benefits, and benefit repayments; (d) amounts for services rendered to other Government departments or agencies, or to the public; (e) amounts provided for any other purpose related to unemployment insurance and authorized by an appropriation administered by the Canada Employment and Immigration Commission; and, (f) interest on the balance of the Account at

such rates as the Minister of Finance may authorize. The Act also provides that the following be charged to the Account: (a) benefits paid under the Act; (b) costs of administering the Act; and (c) interest on advances made by the Minister of Finance.

Maximum weekly employee premiums were \$11.80 from April 1, 1989 to December 31, 1989 and \$12.48 from January 1, 1990 to March 31, 1990. For the same periods, maximum weekly benefits were \$363 from April 1, 1989 to December 31, 1989 and \$384 from January 1, 1990 to March 31, 1990.

Interest-bearing loans are made to the Unemployment Insurance Account, under Section 119(1) of the Unemployment Insurance Act, as a result of deficiencies in contributions from employers and employees. During the year, all outstanding loans were repaid.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$10,738 million (\$11,269 million in 1989) are reported as revenue, while payments and other charges of \$12,522 (\$11,596 million in 1989) are reported as expenditure.

Receipts and other credits of \$2,782 million (\$2,687 million in 1989) and payments and other charges of \$2,152 million in 1989 (nil for 1990), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

TABLE 5.8

TRANSACTIONS IN THE UNEMPLOYMENT INSURANCE ACCOUNT (in millions of dollars)

	1989-90	1988-89
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employee and employer*	10,969	11,508
Government	2,424	2,416
Investment income	36	16
Interest-bearing loans from the Government		
Miscellaneous revenue	91	16
	13,520	13,956
PAYMENTS AND OTHER CHARGES—		
Benefits	11,439	10,628
Expenses	1,083	968
Interest expense		198
Repayments of interest-bearing loans to the Government		1,954
	12,522	13,748
Net increase	998	208
Add—Balance at beginning of year	-27	-235
Balance at end of year	971	-27

* Included in employee and employer contributions is \$267 million (\$256 million in 1988-89) from the Government as contribution for employees.

Canadian Ownership Account

This account was established under the authority of Energy, Mines and Resources Vote 5c, Appropriation Act No 4, 1980-81. The account was credited with amounts received from the Canadian Ownership special charge levied to increase public ownership of the oil and gas industry in Canada.

The special charge was cancelled due to deregulation on June 1, 1985. Therefore, any transactions since then are as a result of adjustments due to audits.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$0.3 million (-\$1.0 million in 1989) are reported as revenue.

Western Grain Stabilization Account

The purpose of the Western Grain Stabilization Act is to protect prairie grain producers from unexpected and large income declines, through the stabilization of returns on the production and sale of wheat, oats, barley, rye, domestic mustard seed, canola, flax seed, triticale, mixed grain, sunflower seed, safflower seed, buckwheat, peas, lentils, fababeans and canary seed as well as any other prescribed seed that is produced in the designated area and is a grain for which a grade has been established and designated as "Canada Western" by regulation under the Canada Grain Act.

This account records funds for this purpose which are received from:

- levies paid by participating producers—a levy rate ranging from 2% to 4% applied to a participant's grain sales proceeds not exceeding \$60,000 per year;
- Government contributions equal to levies paid by producers plus an additional 2% of the participating eligible grain sales proceeds of all participants on which levy has been paid by participants;
- interest on the amount standing to the credit of the Account at rates and in accordance with terms and conditions determined by the Minister of Finance; and,
- pursuant to Section 45 of the Western Grain Stabilization Act advances can be made from the Consolidated Revenue Fund when the balance in the Account is not sufficient for the payment of stabilization payments and other amounts required to be charged to the Account pursuant to Section 44 of the Western Grain Stabilization Act.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$156 million (\$201 million in 1989) are reported as revenue, while payments and other charges of \$0.6 million (\$954 million in 1989), are reported as expenditure.

Receipts and other credits of \$236 million (\$3,400 million in 1989), and payments and other charges of \$392 million (\$2,638 million in 1989), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Crop Reinsurance Fund

This Fund, established by Section 6(1) of the Crop Insurance Act, provides insurance to participating provinces for costs they incur in operating various crop insurance schemes.

The revenue of the Fund comes from moneys paid by the provinces for the purpose of reinsurance and the expenditure of the Fund are moneys paid to the provinces under the terms of reinsurance agreements.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$0.4 million (\$43 million in 1989) are reported as revenue, while payments and other charges of \$96 million (\$3 million in 1989) are reported as expenditure.

Agricultural Commodities Stabilization Accounts

The purpose of these accounts is to reduce income loss to producers from market risks through stabilizing prices. Premiums are shared equally by the Government of Canada, the governments of participating provinces and participating producers. These premiums should equal the total paid over time. There are several active accounts as follows:

- (a) hogs;
- (b) feeder cattle and slaughter cattle;
- (c) feeder calves;
- (d) lambs;
- (e) apples;
- (f) white pea beans;
- (g) kidney/cranberry and other coloured beans;
- (h) sugar beets;
- (i) honey; and,
- (j) onions.

These accounts were established in the accounts of Canada, pursuant to Section 13.1 of the Agricultural Stabilization Act.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$166 million (\$90 million in 1989) are reported as revenue, while payments and other charges of \$553 million (\$244 million in 1989) are reported as expenditure.

Receipts and other credits of \$135 million (\$90 million in 1989) and payments and other charges of \$217 million (\$2 million in 1989), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Environmental Studies Research Funds

These accounts were established in Energy Mines and Resources and Indian Affairs and Northern Development pursuant to Section 76(1) of the Canada Petroleum Resources Act. The purpose of the Funds is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration development and production activities on frontier land, authorized under this Act or any other Act of Parliament, should be conducted.

Within the Statement of Revenue and Expenditure, receipts and other credits of \$1 million (\$0.1 million in 1989) are reported as revenue, while payments and other charges of \$0.3 million (\$0.2 million in 1989) are reported as expenditure.

Insurance Accounts

For the following insurance accounts, within the Statement of Revenue and Expenditure, receipts and other credits of \$11 million (\$12 million in 1989) are reported as revenue, while payments and other charges of \$10 million (\$8 million in 1989) are reported as expenditure.

Receipts and other credits of \$16 million (\$14 million in 1989), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

Fishing Vessel Insurance Plan

The Fishing Vessel Insurance Plan is administered in accordance with Vote 540, Appropriation Act No. 5, 1955, extended by Vote L38b, Appropriation Act No 1, 1970, to insure fishermen against abnormal capital losses. The account is credited with premiums and recoveries, and with advances in accordance with the regulations, such advances not to exceed at any time \$150,000. The account is charged with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen where the collision involves a vessel insured under the Fishing Vessel Insurance Plan. Administration costs are paid from Fisheries and Oceans Vote 1.

Nuclear Liability Reinsurance Account

This account was established pursuant to Sections 16 and 17 of the Nuclear Liability Act, to record premiums and to provide for payment of claims arising from accidents at an insured facility.

Investors' Indemnity Account

Section 57 of the Financial Administration Act provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purpose of this Section, and any recovery of losses referred to in Section 58 of the Act.

Section 58 states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for Government securities, who have paid all or part of the purchase price but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

Land Assurance Fund

This account was established pursuant to Sections 160 to 164 of the Land Titles Act, to indemnify title holders who suffer loss through misdescriptions in titles, and from other causes specified in the Land Titles Act. Fees are collected from the parties who register deeds with the Registrar of Land Titles in the Northwest Territories and the Yukon Territory. Interest is added to the fund annually, the present rate being 3% per annum.

Health Insurance Supplementary Account

This account was established pursuant to Vote L16b, Appropriation Act No. 2, 1973, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the Canada Health Act, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

Ship-Source Oil Pollution Fund

This account was established pursuant to Section 775 of the amended Canada Shipping Act to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the fund.

During the year, interest was credited to the account and charged to interest on public debt.

Other Specified Purpose Accounts

For the following Other Specified Purpose Accounts, within the Statement of Revenue and Expenditure, receipts and other credits of \$5 million (\$5 million in 1989) are reported as revenue, while payments and other charges of \$3 million (\$4 million in 1989) are reported as expenditure.

Receipts and other credits of \$0.5 million (\$0.3 million in 1989), internal to the operations of the Government, have been eliminated in order to present transactions with outside parties, only.

National Museums of Canada

These accounts were established pursuant to Section 10 of the National Museums Act, and are credited with moneys received by the Corporation, by way of gift, bequest or otherwise, interest on securities, rent or sales of any real property acquired by the Corporation by way of gift, and an amount representing interest on the balance from time to time to the credit of the accounts. The accounts are to be charged with such amounts as are authorized by the Board of Trustees of the Corporation to be expended for the purpose for which such money or property were given, bequeathed or otherwise made available to the Corporation. Securities in connection with these accounts amount to \$2,000 consisting of two Government of Canada marketable bonds bequeathed by the late J Dazell McKee and the late Hugh de T Glazebrook.

During the year, interest was credited to the accounts and charged to interest on public debt.

Marconi Celebration Trust Fund

This account was established by Section 21 of the Financial Administration Act, for the purpose of raising moneys through public subscriptions and others to construct, operate and maintain a National Historic Site in Glace Bay, Nova Scotia to commemorate the efforts and accomplishments of Guglielmo Marconi in the field of wireless communications.

Claudia de Hueck Bequest Account

This account was established by Section 21 of the Financial Administration Act and Section 15 of the Science Council of Canada Act, to record a bequest made by Mrs. Claudia de Hueck to be used to promote the study of humanities and for general educational purposes.

During the year, interest was credited to the account and charged to interest on public debt.

Natural Sciences and Engineering Research Council — Donation Trust Fund

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976 to record monies, securities or other property received by way of gift, bequest or otherwise as approved by the Natural Sciences and Engineering Research Council. The account is charged with payments and with the disposal of such monies, securities or other property, subject to the terms upon which such monies are given, bequeathed or otherwise made available to the Council, and subject to the approval of the Council.

Inuvik General Hospital

This account was established under the authority of Section 21 of the Financial Administration Act to record transactions relating to a donation by the Lions Club for the purchase of items for Ward 300 at the Inuvik General Hospital.

Sioux Lookout Zone Hospital

This account was established under the authority of Section 21 of the Financial Administration Act to record transactions relating to a donation made by the Hospital for Sick Children Foundation to be used to finance a paediatric play program volunteer service at Sioux Lookout Zone Hospital.

National Battlefields Commission Trust Fund

This account was established at the creation of the National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The moneys are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its Act of incorporation. Following the land acquisitions of the Commission, an amount of money remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the Financial Administration Act, prior to September 1, 1984.

During the year, interest was credited to the account and charged to interest on public debt.

Ted Harrison Poster Fund

This account was established by Section 21 of the Financial Administration Act, to accumulate money received from the sale of posters donated to the Whitehorse General Hospital in Whitehorse, Yukon Territory by local artist Ted Harrison. The proceeds from the sales will be used to purchase special equipment for the hospital.

Medical Research Council — Donations for Research

This account was established as a result of the Government's "Matching Grants" policy and records contributions received from organizations and individuals for biomedical research.

During the year, interest was credited to the account and charged to interest on public debt.

National Library Special Operating Account

This account was established pursuant to Section 14 of the National Library Act, which also directed that (a) the account be credited with all money received for the purpose of the National Library by way of donation, bequest or otherwise and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

National Round Table on the Environment and Economy

This account was established pursuant to Section 21 of the Financial Administration Act, to record gifts and donations received from third parties, and expenses to finance various studies related to the principles of sustainable development in Canada and internationally.

National Archives of Canada Account

This account was established pursuant to Section 10 of the National Archives Act, this account records monies received for the purposes of the National Archives, by way of donation, bequest or otherwise. Amounts received for the purposes of the National Archives Act may be paid out of this account, or out of money appropriated by Parliament for such purposes.

Hungarian Medical School Projects

This account was established by Section 21 of the Financial Administration Act, to record moneys received from the private sector. These donated funds were used to help defray the costs of the Hungarian medical school projects.

Canadian Centre for Occupational Health and Safety — Donations

This account was established by Section 6(3) of the Canadian Centre for Occupational Health and Safety Act, to record moneys, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

SUPPLEMENTARY STATEMENT

Canada Employment and Immigration
Commission relating to the Unemployment
Insurance Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have examined the balance sheet of the Canada Employment and Immigration Commission relating to the Unemployment Insurance Account as at December 31, 1989 and the statement of revenue, expenses and surplus for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission relating to the Unemployment Insurance Account as at December 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 13, 1990

BALANCE SHEET AS AT DECEMBER 31, 1989
(in thousands of dollars)

ASSETS	1989	1988	LIABILITIES AND SURPLUS	1989	1988
Balance of the account with Receiver General for Canada	1,314,362	426,933	Unredeemed warrants	245,351	217,795
Due from claimants (Note 3)	176,540	148,302	Tax deductions from warrants	175,446	66,128
Due from Canada (Note 4)	43,334	64,478		420,797	283,923
	1,534,236	639,713	Surplus	1,113,439	355,790
				1,534,236	639,713

Approved by the Commission:

H. BRAITER
Executive Director
Finance and Administration

A. KROEGER
Chairman

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

STATEMENT OF REVENUE, EXPENSES AND SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1989 (in thousands of dollars)

	1989	1988
Revenue		
Premiums (Note 5)	10,369,237	11,876,021
Interest on the balance of the account with the Receiver General	60,458	7,205
Penalties	29,983	20,208
	10,459,678	11,903,434
Expenses		
Benefits (Note 6 and Schedule)	11,372,817	10,715,512
Administration (Note 7)	1,053,699	968,034
Interest on advances from Canada		111,625
Doubtful accounts	23,542	17,101
	12,450,058	11,812,272
Excess (deficiency) of revenue over expenses before Government's share of benefits	-1,990,380	91,162
Government's share of benefits (Schedule)	2,748,029	2,632,902
Excess of revenue over expenses for the year	757,649	2,724,064
Surplus (deficit) at beginning of the year ..	355,790	-2,368,274
Surplus at end of the year	1,113,439	355,790

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1989

1. Authority and objective

The Canada Employment and Immigration Commission, a departmental corporation named in Schedule II to the Financial Administration Act, administers the Unemployment Insurance Act. The objective of the Act is to provide short-term financial relief and other assistance to eligible workers. The financial transactions relating to this objective are reported through the Unemployment Insurance Account.

In the accounts of Canada, the Unemployment Insurance Account was established by Section 112 of the Act. All amounts received under this Act are deposited in the Consolidated Revenue Fund and credited to this Account. Benefits and the cost of administration of the Act are paid out of the Consolidated Revenue Fund and charged to this Account.

Under Part III of the Act, the Minister of National Revenue is responsible for collecting premiums from employers and employees.

The Minister of National Revenue is also responsible, under Part VII of the Act, to administer and enforce the provisions of the Act relating to benefit repayments.

2. Accounting policies

(a) Premiums

The premiums are recorded based on an estimate of the amount to be collected in the current year and include adjustments between actual and estimated premiums of prior years.

(b) Interest

Interest on the balance of the account with the Receiver General for Canada and interest on advances from Canada are recorded on an accrual basis.

(c) Penalties

Penalties, levied pursuant to Section 33 of the Act, are recorded on an accrual basis.

(d) Benefits

Benefits represent the warrants issued during the year less benefit overpayments established by the Commission during the year and benefit repayments estimated to be receivable under Section 123 of the Act including adjustments between actual and estimated repayments of prior years.

(e) Administration

The costs of administration of the Act are determined by the Unemployment Insurance Regulations and are charged to the Account by the Commission.

(f) Government's share of benefits

The government's share of benefits is recorded on an accrual basis.

3. Due from claimants

	1989	1988
	(in thousands of dollars)	
Benefit overpayment and penalties	200,427	162,435
Less: allowance for doubtful accounts	56,606	44,631
	143,821	117,804
Estimated benefit repayments under Section 123 of the Act	32,719	30,498
	176,540	148,302

Uncollectable benefit overpayments and penalties written-off during the year under authority of Section 60(2) of the Regulations amounted to \$13.4 million (\$6.7 million in 1988).

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989—Continued

4. Due from (to) Canada

	1989	1988
	(in thousands of dollars)	
Government's share of benefits	-2,447	4,756
Premiums	81,561	54,619
Interest on balance of the account with Receiver General for Canada	12,620	2,072
Administration expenses	-48,135	3,125
Benefit repayments	185	111
Other	-450	-205
	<u>43,334</u>	<u>64,478</u>

5. Premiums

In 1989, the premium rate for employees was \$1.95 per \$100 of insurable earnings, compared to \$2.35 in 1988. The premium rate for the employers, calculated at 1.4 times the employee rate was reduced to \$2.73 per \$100 of an employee's insurable earnings.

Employers with qualified wage loss insurance plans are entitled to premium reductions. Employers are required to share this reduction with their employees. In 1989, the total amount of premium reductions is estimated at \$444 million (\$426 million in 1988).

6. Overpayments and underpayments of benefits

The large number of claimants to be monitored and the requirement for prompt service require selective internal control procedures rather than universal and therefore the verification of claims is mainly done after claimants have begun to receive benefits.

As a result, overpayments and underpayments of benefits exist which the Commission estimated at \$348 million (\$344 million in 1988) and \$103 million (\$141 million in 1988) respectively. These amounts are included in the benefits for the year.

7. Administration costs

The actual administrative costs of the Commission are calculated on the government fiscal year basis (April 1 to March 31). For purposes of charging the U. I. Account on a calendar year basis, applicable U. I. Administrative costs are apportioned as 9/12 of the amount for the fiscal year plus 3/12 of the amount for the previous fiscal year. The administrative costs calculated in this way totalled \$1,061 million in 1989 (\$975 million in 1988). This amount was offset by approximately \$7.5 million (\$7 million in 1988) for the recovery of costs related to maintaining the Social Insurance Number registry and issuing replacement cards.

8. Contingent liabilities

In the normal course of the operations of the Unemployment Insurance Account, certain appeals against or by the Commission are presently outstanding. In the opinion of management, the result of these appeals will not have a significant impact on the operations of the Unemployment Insurance Account.

9. Significant event

Bill C-21, the act amending the Unemployment Insurance Act, was passed by the House of Commons on November 6, 1989 but remains under review by the Senate. The proposed legislation eliminates the government's share of benefits and affects various provisions of the U. I. program, including entrance requirements, benefits and imposition of penalties.

Canada Employment and Immigration Commission relating to the Unemployment Insurance Account—*Concluded*

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989—*Concluded*

SCHEDULE OF BENEFITS FOR THE YEAR ENDED DECEMBER 31, 1989 (in thousands of dollars)

	1989		1988	
	Total	Government's share	Total	Government's share
Regular	9,739,380	2,350,165	9,216,704	2,249,358
Maternity	629,953		565,775	
Paternity	1,169			
Sickness	345,941		316,965	
Training	267,716	110,434	237,186	103,010
Job creation	101,914	41,968	102,250	41,092
Retirement	26,043		19,189	
Work sharing	21,209		16,860	
Adoption	4,821		4,718	
	11,138,146	2,502,567	10,479,647	2,393,460
Fishing	269,382	252,364	269,988	248,513
Gross benefits	11,407,528	2,754,931	10,749,635	2,641,973
Less: benefit repayments	34,711	6,902	34,123	9,071
	11,372,817	2,748,029	10,715,512	2,632,902

In accordance with Section 118 and 130 of the Unemployment Insurance Act, the government's share of benefits consists of extended benefits paid under Section 22, Subsections 25(8) and 26(3), and all benefits paid to fishermen less premiums paid by them and their designated employers.

Extended benefits paid under Section 22 of the Act are benefits paid to claimants who have exhausted their initial benefits (and labour force extended benefits, if they are entitled) and who reside in a region where the regional unemployment rate exceeds four per cent.

Extended benefits paid under Subsections 25(8) and 26(3) of the Act are benefits paid to claimants on job creation projects or training courses and whose entitlements are not enough to cover the duration of the project or course plus an additional maximum of three weeks of entitlement after the projects or courses end.

SECTION 6

1989-90

PUBLIC ACCOUNTS

Loans, Investments and Advances

CONTENTS

	<i>Page</i>
Enterprise Crown corporations	6.6
Lending institutions	6.6
All other	6.9
Summary financial statements of enterprise Crown corporations	6.16
Borrowings by agent enterprise Crown corporations	6.22
Borrowings by enterprise Crown corporations	6.22
Maturity and currency of borrowings by enterprise Crown corporations	6.23
Contingent liabilities of enterprise Crown corporations	6.23
Financial assistance under budgetary appropriations to enterprise Crown corporations	6.24
Other—	
Provincial and territorial governments	6.25
National governments including developing countries	6.30
International organizations	6.34
Veterans' Land Act Fund advances	6.38
Joint and mixed enterprises	6.39
Miscellaneous	6.41
Allowance for valuation	6.49

LOANS, INVESTMENTS AND ADVANCES

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests held by the Government of Canada, acquired through the use of parliamentary appropriations. Some of these appropriations permit repayments to be used for further loans and advances. Many appropriations are non-lapsing, that is, unexpended balances may be carried forward from year to year. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II (Part I).

Loans, investments and advances are recorded at cost and are subject to valuation to reflect estimated losses on realization. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Loans, investments and advances resulting from foreign currency transactions are, in turn, reported at year-end closing rates of exchange; net gains are credited to revenue as premium and discount on exchange, while net losses are charged to budgetary expenditure of the Department of Finance.

The allowance established to reflect estimated losses on realization of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under Section 63(2) of the Financial Administration Act.

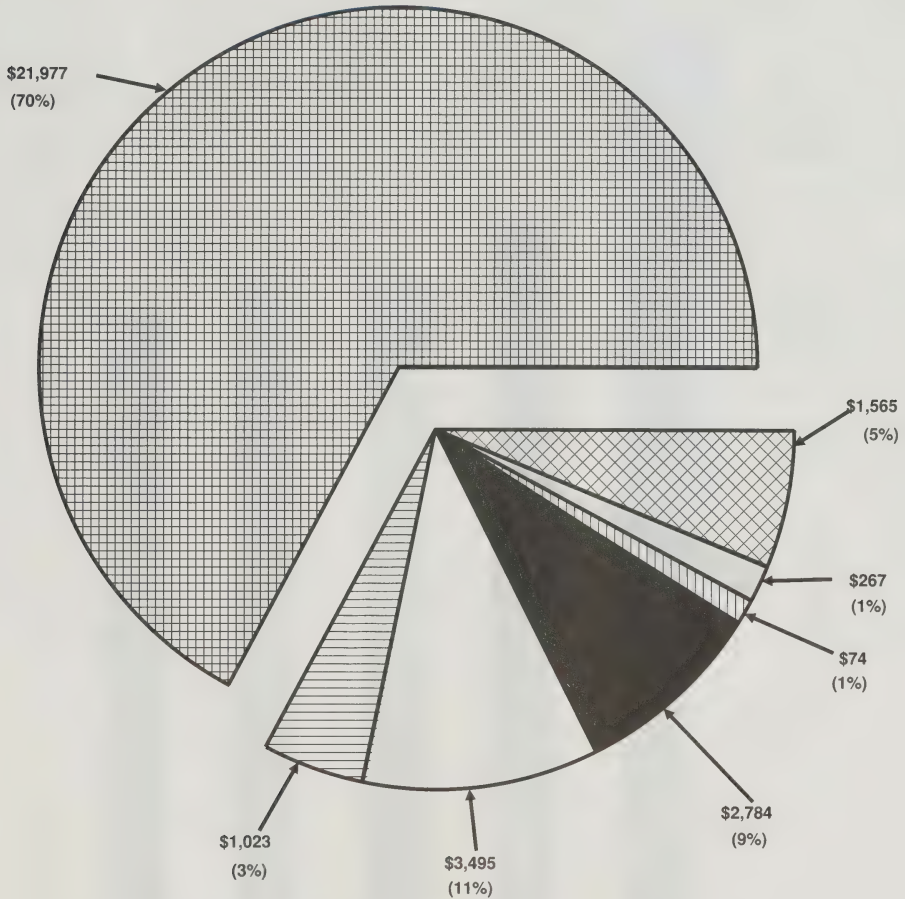
Revenue received during the year on loans, investments and advances, is credited to return on investments; details are given in Section 11 of Volume II (Part II).








Chart A presents the total loans, investments and advances by category for the current fiscal year, while Chart B compares the total loans, investments and advances for the last five fiscal years. Table 6.1 presents the transactions and year-end balances of loans, investments and advances by category.

Transactions and balances are further summarized in Sections 1 and 2 of this volume.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

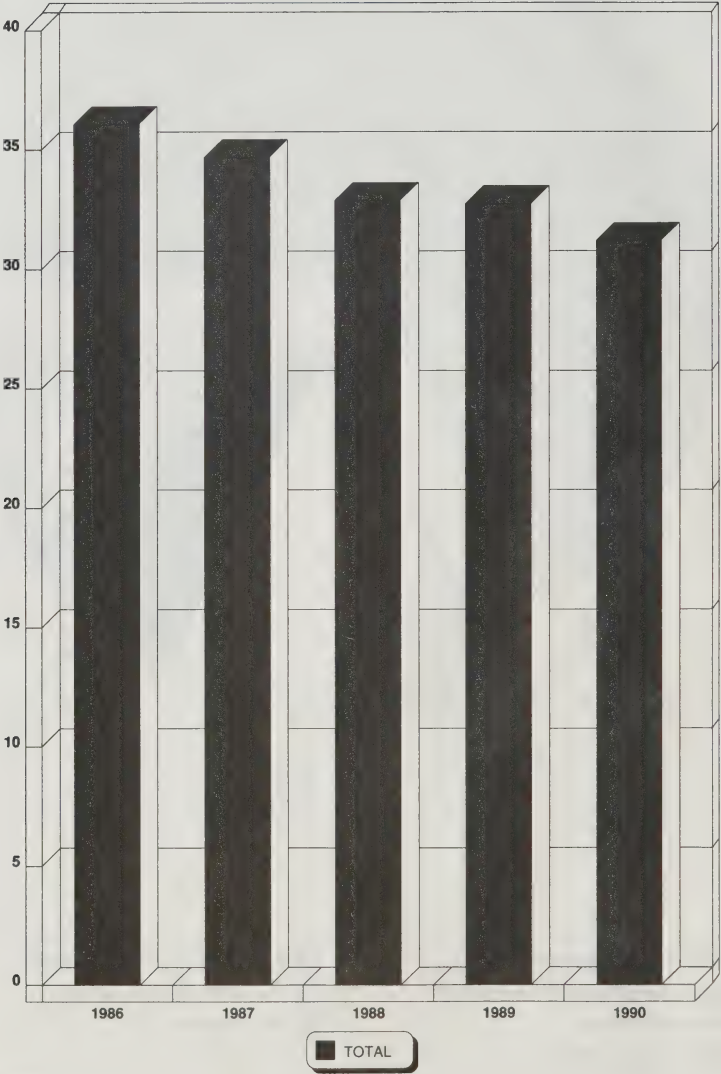
CHART A
LOANS, INVESTMENTS AND ADVANCES ⁽¹⁾
 (in millions of dollars)



	Enterprise Crown corporations		Veterans' Land Act Fund advances
	Provincial and territorial governments		Joint and mixed enterprises
	National governments		Miscellaneous
	International organizations		

⁽¹⁾ Before the allowance for valuation

CHART B
LOANS, INVESTMENTS AND ADVANCES ⁽¹⁾
(in billions of dollars)



⁽¹⁾ Before the allowance for valuation

TABLE 6.1

LOANS, INVESTMENTS AND ADVANCES

	Net increase or decrease (—)					
	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990		
					1990	1989
	\$	\$	\$	\$	\$	\$
Enterprise Crown corporations—						
Lending institutions, Table 6.2—						
Canada Deposit Insurance Corporation	1,695,000,000	320,000,000		1,375,000,000	–320,000,000	361,335,618
Canada Mortgage and Housing Corpora- tion	8,904,243,503	341,861,255	140,878,964	8,703,261,212	–200,982,291	–272,597,115
Export Development Corporation	697,000,000		75,000,000	772,000,000	75,000,000	–25,000,000
Farm Credit Corporation	3,472,292,765	1,354,819,344	1,250,350,000	3,367,823,421	–104,469,344	–229,546,014
Federal Business Development Bank	294,000,000			294,000,000		
	15,062,536,268	2,016,680,599	1,466,228,964	14,512,084,633	–550,451,635	–165,807,511
All other enterprise Crown corporations,						
Table 6.3—						
Canadian National Railway Company	2,452,298,776	12,346,842		2,439,951,934	–12,346,842	–11,333,470
Petro-Canada	4,299,126,174			4,299,126,174		
Other	723,028,399	434,696,824	437,123,000	725,454,575	2,426,176	175,984,940
	7,474,453,349	447,043,666	437,123,000	7,464,532,683	–9,920,666	164,651,470
Less: allowance for valuation	4,200,000,000	100,000,000		4,300,000,000	100,000,000	1,000,000,000
Total enterprise Crown corporations	18,336,989,617	2,563,724,265	1,903,351,964	17,676,617,316	–660,372,301	–1,001,156,041
Other loans, investments and advances—						
Provincial and territorial governments,						
Table 6.12	883,265,884	51,319,666	191,292,830	1,023,239,048	139,973,164	–27,254,529
National governments including developing countries, Table 6.13	4,190,689,615	893,342,467	197,931,607	3,495,278,755	–695,410,860	–132,383,470
International organizations, Table 6.14	4,620,583,036	472,483,932	517,452,308	4,665,551,412	44,968,376	56,729,687
Less: notes payable, Table 6.14	1,906,527,294	453,180,287	477,809,313	1,881,898,268	–24,629,026	33,179,257
	2,714,055,742	925,664,219	995,261,621	2,783,653,144	69,597,402	23,550,430
Veterans' Land Act Fund advances, less allow- ance for conditional benefits, Table 6.16 . . .	91,080,605	16,889,355	19,885	74,211,135	–16,869,470	–20,183,733
Joint and mixed enterprises, Table 6.17	628,727,426	361,993,431		266,733,995	–361,993,431	–37,072,275
Miscellaneous, Table 6.18	1,690,598,102	1,508,002,152	1,382,208,412	1,564,804,362	–125,793,740	96,501,801
	10,198,417,374	3,757,211,290	2,766,714,355	9,207,920,439	–990,496,935	–96,841,776
Less: allowance for valuation	6,800,000,000		600,000,000	6,200,000,000	–600,000,000	–200,000,000
Total other loans, investments and advances	3,398,417,374	3,757,211,290	3,366,714,355	3,007,920,439	–390,496,935	103,158,224
Total	21,735,406,991	6,320,935,555	5,270,066,319	20,684,537,755	–1,050,869,236	–897,997,817

ENTERPRISE CROWN CORPORATIONS

Loans and advances to, and investments in, enterprise Crown corporations represent the balance of financial claims held by the Government against corporations for working capital, capital expenditure and other purposes, investment in the capital stock of corporations, and loans and advances to corporations for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries each of which is wholly-owned directly or indirectly by one or more parent Crown corporations.

An enterprise Crown corporation is a Crown corporation that does not rely on Government funding as its principal source of revenue. These include selected corporations listed in Part I and all the corporations listed in Part II of Schedule III of the Financial Administration Act, the Bank of Canada and the Canadian Wheat Board.

An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs. Most of the enterprise Crown corporations listed in the schedules to the Financial Administration Act are agents of Her Majesty in right of Canada. This status is granted in one of the following ways:

- (i) designation by Parliament, through a special act of incorporation;
- (ii) statutory authorization; and,
- (iii) proclamation by the Government Corporations Operation Act.

Financial statements of parent enterprise Crown corporations can be found in Volume III of the Public Accounts. The financial statements of wholly-owned subsidiaries of enterprise Crown corporations are also included in that volume whenever their accounts are not consolidated with those of the parent corporation. These financial statements are appended to those of the related parent enterprise Crown corporation.

Lending Institutions

Table 6.2 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations whose primary activity is to provide financial assistance.

TABLE 6.2

ENTERPRISE CROWN CORPORATIONS—LENDING INSTITUTIONS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Canada Deposit Insurance Corporation	1,695,000,000	320,000,000		1,375,000,000	—320,000,000	361,335,618
Canada Mortgage and Housing Corporation—						
Capital stock	25,000,000			25,000,000		
Housing	5,772,858,845	228,705,524	33,000,000	5,577,153,321	—195,705,524	—234,064,411
Real estate	153,699,350		33,878,964	187,578,314	33,878,964	30,225,542
Joint projects	1,453,587,253	45,626,325	74,000,000	1,481,960,928	28,373,675	14,735,352
Urban renewal scheme	10,530,212	2,291,639		8,238,573	—2,291,639	—3,845,341
Student housing projects	357,190,013	6,395,679		350,794,334	—6,395,679	—6,005,725
Sewage treatment projects	966,056,943	28,736,021		937,320,922	—28,736,021	—45,528,483
Ownership assistance	165,320,887	30,106,067		135,214,820	—30,106,067	—28,114,049
	8,904,243,503	341,861,255	140,878,964	8,703,261,212	—200,982,291	—272,597,115
Export Development Corporation—						
Capital stock	697,000,000		75,000,000	772,000,000	75,000,000	
Account without current transactions	697,000,000		75,000,000	772,000,000	75,000,000	—25,000,000
Farm Credit Corporation—						
Contributed capital	218,333,000		600,000,000	818,333,000	600,000,000	
Notes	3,248,998,227	1,353,594,216	650,350,000	2,545,754,011	—703,244,216	—228,477,552
Farm syndicates loan fund	4,961,538	1,225,128		3,736,410	—1,225,128	—1,068,462
	3,472,292,765	1,354,819,344	1,250,350,000	3,367,823,421	—104,469,344	—229,546,014
Federal Business Development Bank	294,000,000			294,000,000		
Total	15,062,536,268	2,016,680,599	1,466,228,964	14,512,084,633	—550,451,635	—165,807,511

Canada Deposit Insurance Corporation

The Corporation was established by the Canada Deposit Insurance Corporation Act, to provide insurance, up to \$60,000 per depositor per institution, on deposits with federal member institutions and approved provincial institutions.

The Corporation is an agent of Her Majesty, reports through the Minister of Finance, and is listed in Part I of Schedule III of the Financial Administration Act.

Section 42 of the Canada Deposit Insurance Corporation Act provides that the Minister of Finance, with the approval of the Governor in Council, may advance to the Corporation amounts by way of loans on such terms and conditions as the Governor in Council may determine. The aggregate of such loans authorized to be outstanding at any time is \$3,000,000,000.

The loans bear interest at rates from 9.950% to 11.362% per annum, and are repayable between July 4, 1990 and January 10, 1994.

During the year, the Corporation paid interest of \$172.2 million to the Government.

Canada Mortgage and Housing Corporation

The Corporation was established by the Canada Mortgage and Housing Corporation Act, to promote the construction of new houses, the repair and modernization of existing houses, the improvement of housing and living conditions in Canada, and to promote the development of communities through the provision of infrastructure facilities.

The Corporation is an agent of Her Majesty, reports through the Minister of Public Works, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$1,735.1 million from budgetary appropriations. It paid interest of \$788.5 million and transferred \$33.9 million of profit to the Government.

Capital stock

The Government's investment in the capital of the Corporation is authorized by Section 16 of the Canada Mortgage and Housing Corporation Act.

Housing

Advances have been made to enable the Corporation to lend money under the following sections of the National Housing Act:

- (a) Section 24(1)—for rental housing projects on the security of a first mortgage and to sell or purchase loans made on rental housing projects;
- (b) Section 26(1)—to any person to assist in
 - (i) the construction, purchase or improvement of a low-rental housing project;
 - (ii) the purchase of existing buildings and the land upon which they are situated and their conversion into a low-rental housing project; or,

- (iii) the conversion of existing buildings into a low-rental housing project;

- (c) Section 27.5—to municipalities for selected neighbourhoods for the purpose of improving premises within the neighbourhood in respect of which the contribution is made;

- (d) Section 51(1)—

- (i) to the owner of a family housing unit or of housing accommodation of the hostel or dormitory type for the purpose of assisting in the repair, rehabilitation or improvement thereof;

- (ii) to an occupier of a family housing unit for the purpose of assisting in the repair, rehabilitation or improvement thereof; or,

- (iii) to a non profit corporation for the purpose of assisting in the conversion of an existing residential building owned by the corporation, to a building containing a different number of family housing units, housing accommodation of the hostel or dormitory type or a different number of hostel or dormitory beds;

- (e) Section 61(1)—to cooperatives for the purpose of assisting in the construction, acquisition or improvement of a housing project;

- (f) Section 76(1)—to any person that wishes to undertake a project

- (i) for individuals or families of low income; or,

- (ii) to meet the needs of individuals resulting from age, infirmity or other disability;

- (g) Section 80(1)—to provinces, municipalities or public housing agencies to assist in the acquisition and the servicing of land for housing purposes;

- (h) Section 81(1)—to a province, municipality or public housing agency for the construction or acquisition of a public housing project;

- (i) Section 97(1)—to persons to whom a loan is not being made available pursuant to Part I of Section 24, the Corporation may make such a loan subject to the same terms, conditions and limitations that exist under Part I of Section 24; and,

- (j) Section 98—to Indians to assist in the purchase, improvement or construction of housing projects on Indian reserves.

The advances bear interest at rates from 5% to 16.07% per annum, and are repayable over 18 to 50 years, with final instalments between June 30, 1990 and March 31, 2037.

Real estate

Section 92(1) of the National Housing Act authorizes advances to: (a) acquire land or housing projects by way of purchase, lease or otherwise; (b) install services in and effect improvements to or in respect of land acquired, and develop and lay out such land for housing purposes; (c) construct, convert or improve housing projects; and, (d) acquire building materials and equipment and other personal property for use in connection with housing projects.

The advances bear interest at rates from 2% to 16.157% per annum, and are repayable over 50 years, with the final instalment on September 30, 2036.

Joint projects

Section 79(1) of the National Housing Act authorizes advances to undertake projects jointly with the government of any province or any agency thereof, for (a) the acquisition and development of land for housing purposes or for any purpose incidental thereof; (b) the construction of housing projects or housing accommodation of the hostel or dormitory type for sale or for rent; and, (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

The advances bear interest at rates from 3% to 17.9% per annum, and are repayable over 25 to 50 years, with final instalments between June 30, 1990 and March 31, 2040.

Urban renewal scheme

Advances have been made to enable the Corporation to lend money under Section 25(1) of the National Housing Act, to a province or municipality, to assist in the implementation of an urban renewal scheme.

The advances bear interest at rates from 5.81% to 7.81% per annum, and are repayable over 15 to 50 years, with final instalments between September 30, 1990 and December 31, 1999.

Student housing projects

Advances have been made to enable the Corporation to lend money under Section 88(1) of the National Housing Act, to a province or an agency thereof, a municipality or an agency thereof, or a hospital, school board, university, college, cooperative association or charitable corporation, to assist in (a) the construction, acquisition or improvement of a student housing project; (b) the acquisition of existing buildings and their conversion into a student housing project; or, (c) the conversion of existing buildings into a student housing project.

The advances bear interest at rates from 5% to 10.054% per annum, and are repayable over 20 to 50 years, with final instalments between September 30, 1993 and September 30, 2030.

Sewage treatment projects

Advances have been made to enable the Corporation to lend money under Section 51 of the National Housing Act, to any province, municipality or municipal sewerage corporation, to assist in the establishment or expansion of a sewage treatment project, and in the construction of a trunk storm sewer system.

The advances bear interest at rates from 5% to 10.376% per annum, and are repayable over 18 to 50 years, with final instalments between September 30, 1993 and December 31, 2023.

Ownership assistance

Advances have been made to enable the Corporation to lend money under Sections 57(1) and 58(1) of the National Housing Act, to assist in (a) the construction of a house or a condominium unit by a person who owns the house or condominium unit and intends to occupy the house, one of the family housing units thereof or the condominium unit, or by a builder who intends to sell the house or condominium unit to a person who will own and occupy the house, one of the family housing units thereof or the condominium unit; or, (b) the acquisition of a house or condominium unit by a prospective qualified owner.

The advances bear interest at rates from 7.625% to 10.84% per annum, and are repayable over 18 to 50 years, with final instalments between June 30, 1990 and December 31, 2013.

Export Development Corporation

The Corporation was established by the Export Development Act, to facilitate and develop export trade by the provision of loans, insurance, guarantees and other financial facilities.

The Corporation is an agent of Her Majesty, reports through the Minister for International Trade, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$110.8 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is authorized by Section 11(1) of the Export Development Act.

Farm Credit Corporation

The Corporation was established by the Farm Credit Act, to assist Canadian farmers to establish and develop sound farm enterprises through the use of long-term credit.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the Financial Administration Act.

Contributed capital

The Government's contribution to the capital of the Corporation is authorized by Section 12(1) of the Farm Credit Act.

During the year, the authorized limit of the Government's contribution was increased to \$825,000,000 pursuant to Agriculture Vote 50b, Appropriation Act No 4, 1989-90.

Notes

Promissory notes are issued to the Minister of Finance in respect of loans made pursuant to Section 13 of the Act, to provide the Corporation with funds for making loans to farmers. The total amount of such loans outstanding at any time may not exceed twenty-five times the capital of the Corporation.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 20 years, bearing interest at rates from 9% to 10.14% per annum, with final instalments between July 1, 1997 and July 1, 2000, \$639,105,609;
- (b) repayable over 20 years, bearing interest at rates from 6% to 8.75% per annum, with final instalments between July 1, 1990 and July 1, 1999, \$959,943,630;
- (c) repayable over 12 to 18 years, bearing interest at rates from 9.57% to 10.145% per annum, with final instalments between January 1, 1994 and January 1, 2004, \$115,275,675;
- (d) repayable over 10 years, bearing interest at rates from 9.245% to 11.625% per annum, with final instalments between July 1, 1990 and July 1, 1999, \$383,036,267;
- (e) repayable over 2 to 9 years, bearing interest at rates from 9.135% to 10.67% per annum, with the final instalment on July 1, 1997, \$344,742,830; and,
- (f) repayable within 1 year, bearing interest at rates from 11.097% to 11.375% per annum, \$103,650,000.

During the year, the Corporation paid interest of \$238.8 million to the Government.

Farm syndicates loan fund

Advances have been made by the Minister of Finance, pursuant to Section 8 of the Farm Syndicates Credit Act, to enable the Corporation to make loans. Section 3(1) of the Act allows the Corporation to make loans to a farm syndicate for:

- (a) the purchase of farm machinery;
- (b) the purchase, erection or improvement of buildings; or,

- (c) the purchase or improvement of land on which buildings are or are to be erected for use primarily by the syndicate or its members, in their farming operations.

The total amount authorized to be outstanding at any time is \$25,000,000.

The advances bear interest at rates from 9.275% to 10.75% per annum, and are repayable in equal semi-annual instalments over 5 to 7 years, with final instalments between July 1, 1990 and July 1, 2001.

Federal Business Development Bank

The Corporation was established by the Federal Business Development Bank Act, to promote and assist in the establishment and development of business enterprises in Canada, by providing financial assistance, management counselling, management training, information and advice, and such other services as are ancillary or incidental to any of the foregoing.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$34.2 million from budgetary appropriations.

The Government's contribution to the paid-in capital of the Corporation is authorized by Sections 28 and 52 of the Federal Business Development Bank Act.

All Other Enterprise Crown Corporations

Table 6.3 presents a summary of the balances and transactions for the various types of loans, investments and advances which were made to enterprise Crown corporations engaged in activities other than providing financial assistance.

TABLE 6.3

ALL OTHER ENTERPRISE CROWN CORPORATIONS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
Atomic Energy of Canada Limited ⁽¹⁾ —						
Capital stock	15,000,000			15,000,000		
Contributed capital	149,159,473			149,159,473		
Housing		3,546,875		3,106,510	-440,365	-437,180
Bruce heavy water plant	59,667,104	14,297,099		45,370,005	-14,297,099	-13,257,451
Commercial products division	883,650	230,133		653,517	-230,133	-394,065
Gentilly II nuclear power station	140,853,941	2,634,941		138,219,000	-2,634,941	-2,408,754
Heavy water inventory	19,500,000	1,000,000		18,500,000	-1,000,000	
Lepreau nuclear station	280,089,977	5,055,785		275,034,192	-5,055,785	-4,608,468
	668,701,020	23,658,323		645,042,697	-23,658,323	-21,105,918
Less: consolidation adjustment ⁽¹⁾	668,701,020	23,658,323		645,042,697	-23,658,323	-21,105,918
Canadian National Railway Company—						
Capital stock	2,278,866,774			2,278,866,774		
Consolidated loan	173,432,002	12,346,842		161,085,160	-12,346,842	-11,333,470
	2,452,298,776	12,346,842		2,439,951,934	-12,346,842	-11,333,470

TABLE 6.3

ALL OTHER ENTERPRISE CROWN CORPORATIONS—*Concluded*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (–)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Petro-Canada—						
Capital stock—Common	3,326,354,321			3,326,354,321		
Preferred	972,771,853			972,771,853		
	4,299,126,174			4,299,126,174		
	6,751,424,950	12,346,842		6,739,078,108	–12,346,842	–11,333,470
Other—						
Bank of Canada	5,920,000			5,920,000		
Canada Development Investment Corporation	395,658,315			395,658,315		
Canada Ports Corporation	1,486,695	80,677		1,406,018	–80,677	–75,095
Saint John Harbour Bridge Authority	13,858,088	132,313		13,725,775	–132,313	–123,731
	15,344,783	212,990		15,131,793	–212,990	–198,826
Canada Post Corporation	80,000,000			80,000,000		80,000,000
Canadian Broadcasting Corporation ⁽¹⁾	33,000,000			33,000,000		
Canadian Dairy Commission	73,248,000	277,447,500	251,963,000	47,763,500	–25,484,500	61,652,000
Canadian National (West Indies) Steamships Ltd ⁽¹⁾						
Capital stock	976			976		
Advances	324,024			324,024		
	325,000			325,000		
Canadian Saltfish Corporation	41,000,000	83,000,000	86,000,000	44,000,000	3,000,000	12,150,000
Cape Breton Development Corporation	41,000,000	42,963,032	9,000,000	7,036,968	–33,963,032	19,081,505
Freshwater Fish Marketing Corporation	16,500,000	27,244,181	32,900,000	22,155,819	5,655,819	11,300,000
Halifax Port Corporation	3,820,233	334,057		3,486,176	–334,057	–303,687
Mingan Associates, Ltd ⁽¹⁾						
Montreal Port Corporation	6,968,083	407,056		6,561,027	–407,056	–383,111
Prince Rupert Port Corporation			17,260,000	17,260,000		
Royal Canadian Mint—						
Capital stock	16,235,152	2,673,065		13,562,087	–2,673,065	–7,988,735
Loans			40,000,000	40,000,000	40,000,000	
	16,235,152	2,673,065	40,000,000	53,562,087	37,326,935	–7,988,735
Saint John Port Corporation	20,052,457			20,052,457		
St John's Port Corporation	3,332,784	200,622		3,132,162	–200,622	875,163
Vancouver Port Corporation	3,948,592	214,321		3,734,271	–214,321	–199,369
VIA Rail Canada Inc ⁽¹⁾	9,300,000			9,300,000		
	765,653,399	434,696,824	437,123,000	768,079,575	2,426,176	175,984,940
Less: consolidation adjustment ⁽¹⁾	42,625,000			42,625,000		
	723,028,399	434,696,824	437,123,000	725,454,575	2,426,176	175,984,940
Total	7,474,453,349	447,043,666	437,123,000	7,464,532,683	–9,920,666	164,651,470

⁽¹⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Atomic Energy of Canada Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to develop the utilization of atomic energy for peaceful purposes.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$205.6 million from budgetary appropriations. It paid interest of \$59 million to the Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Contributed capital

The Government's contribution to the capital of the Corporation is recorded in this account.

Housing

Loans have been made to finance the construction of housing near the Whiteshell Nuclear Research Establishment.

The loans bear interest at rates from 5% to 8.5% per annum, and are repayable in equal monthly instalments over 30 years, with final instalments between September 30, 1990 and June 30, 2003.

Bruce heavy water plant

Loans have been made to finance the construction of the Bruce heavy water plant at Douglas Point, Ontario.

The loans bear interest at rates from 6.687% to 8.5% per annum, and are repayable in equal monthly instalments over 17 years, with the final instalment on December 31, 1992.

Commercial products division

Loans have been made to finance the construction of manufacturing facilities and a laboratory at South March, Ontario.

The loans bear interest at rates from 6.687% to 7.625% per annum, and are repayable in equal monthly instalments over 20 years, with final instalments due September 30, 1992.

Gentilly II nuclear power station

Loans have been made to finance a share in the construction of the CANDU-PHW 600 generating station at Gentilly, under an agreement with the Province of Quebec and Hydro-Quebec.

The loan, consolidated in 1983-84, bears interest at the rate of 9.18% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 7, 2008.

Heavy water inventory

Loans have been made to finance the production and purchase of heavy water for lease or resale to Canadian and foreign users.

The loans bear interest at the rate established every May 1st and November 1st by the Minister of Finance, in respect of borrowings having a six month term by Crown corporations. The loans are repayable in equal semi-annual instalments over 20 years, with the final instalment on May 1, 2008.

Lepreau nuclear station

Loans have been made to finance a share in the construction of the nuclear generating station at Lepreau.

The loan, consolidated in 1980-81, bears interest at the rate of 9.706% per annum, and is repayable in equal annual instalments over 25 years, with the final instalment on April 1, 2008.

Canadian National Railway Company

The Corporation was established by the Canadian National Railways Act, to provide, operate and manage a national system of railways.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$7 million from budgetary appropriations.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Consolidated loan

The loan bears interest at the rate of 8.75% per annum, and is repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1998.

During the year, the Corporation paid interest of \$14.9 million to the Government.

In 1989-90, dividends of \$47,644,192 were forgiven pursuant to Transport Vote 46b, Appropriation Act No 4, 1989-90.

Petro-Canada

The Corporation was established by the Petro-Canada Act, to explore, research, develop, produce and distribute hydrocarbons and other types of fuel and energy, and to engage or invest in ventures related thereto.

The Corporation is an agent of Her Majesty, reports through the Minister of Energy, Mines and Resources, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, Petro-Canada International Assistance Corporation (a wholly-owned subsidiary of Petro-Canada) received financial assistance of \$49.3 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is authorized by Sections 5, 22, 24 and 26 of the Petro-Canada Act.

In 1989-90, 14,343 common shares having a par value of \$1,434.3 million were surrendered by the Government to the Corporation for cancellation. The surrender by the Government was authorized by PC 1990-302 dated February 21, 1990. The reduction in share capital due to the cancellation of the shares by the Corporation was offset by an increase in corporate retained earnings. This increase was used to absorb the effects of a writedown in book value of the Corporation's net assets resulting from the adoption of the successful efforts method of accounting. The Government believes that the change in accounting method does not indicate an impairment in the market value of the Corporation. As a consequence, and because the Government continues to own 100% of the Corporation, no adjustment has been made in 1989-90 to the net recorded value of the Government's investment in the Corporation.

Bank of Canada

The Bank of Canada was established by the Bank of Canada Act, to regulate credit and currency, in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit, and to mitigate, by its influence, fluctuations in the general levels of production, trade, prices and employment so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of Canada.

The Bank is not an agent of Her Majesty and reports through the Minister of Finance.

The Government's investment in the capital of the Bank is authorized by Section 17 of the Bank of Canada Act. An amount of \$5,000,000 represents the par value of 100,000 shares, and

the remaining balance of \$920,000 represents premiums paid in respect of the acquisition, in 1938, of shares held by the public.

During the year, the Bank remitted profit of \$2,238.8 million to the Government.

Canada Development Investment Corporation

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to:

- (a) assist in the creation or development of businesses, resources, properties and industries of Canada;
- (b) expand, widen and develop opportunities for Canadians to participate in the economic development of Canada through the application of their skills and capital in any activities carried on by the Corporation;
- (c) invest in the shares or securities of any corporation owning property or carrying on business related to the economic interests of Canada;
- (d) invest in ventures or enterprises, including the acquisition of property, likely to benefit Canada; and,
- (e) carry out all activities in the best interests of Canada, operating in a commercial manner.

The Corporation is an agent of Her Majesty, reports through the Minister of State (Privatization), and is listed in Part II of Schedule III of the Financial Administration Act.

The Government's investment in the capital of the Corporation is recorded in this account. The balance in the account represents the value of 101 common shares of the Corporation without nominal or par value.

Canada Ports Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control Canadian harbours, and any other harbour, work or property of Canada transferred by the Governor in Council.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$32.1 million from budgetary appropriations.

Under the authority of the Canada Ports Corporation Act, loans are made to finance capital expenditures of various harbours under the jurisdiction of the Canada Ports Corporation. A summary of the balances and transactions for the loans made to various harbours follows:

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
Belledune	865,336	49,991		815,345
Chicoutimi	621,359	30,686		590,673
	1,486,695	80,677		1,406,018

The loans bear interest at rates from 6.44% to 9.09% per annum, and are repayable in equal annual instalments over 20 years, with final instalments on December 31, 2000.

During the year, the Corporation paid interest of \$112,209 and dividends of \$2 million to the Government.

Saint John Harbour Bridge Authority

Loans have been made to the Saint John Harbour Bridge Authority in respect of a vehicular bridge across the harbour of Saint John. An agreement between Canada, the Province of New Brunswick, the City of Saint John and the Saint John Harbour Bridge Authority, dated July 7, 1966, requires that debentures issued by the Authority and acquired by the Canada Ports Corporation shall be related exclusively to the financing of the total capital costs of the bridge (see also Table 6.18, Miscellaneous loans, investments and advances).

The loans bear interest at rates from 6.687% to 8.5% per annum, and are repayable in equal semi-annual instalments over 50 to 51 years, with final instalments between January 1, 2020 and January 1, 2021.

During the year, the Authority paid interest of \$0.9 million to the Government.

Canada Post Corporation

The Corporation was established by the Canada Post Corporation Act, to make postal services available to the public.

The Corporation is an agent of Her Majesty, reports through the Minister of State and Leader of the Government in the House of Commons, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$184.5 million from budgetary appropriations.

A loan has been made to the Corporation pursuant to Section 29 of the Canada Post Corporation Act, to finance capital and extraordinary restructuring costs. The aggregate amount of loans to be outstanding at any time shall not exceed \$500,000,000.

The loan bears interest at the rate of 9.705% per annum, and is repayable on April 27, 1998.

The Corporation paid interest of \$7.8 million to the Government in 1989-90.

Canadian Broadcasting Corporation

The Corporation was established by the Broadcasting Act, to provide a national broadcasting service in both official languages, and an international broadcasting service predominantly Canadian in content and character.

The Corporation is an agent of Her Majesty and reports through the Minister of Communications.

During the year, the Corporation received financial assistance of \$981.4 million from budgetary appropriations.

Advances have been made to the Corporation for purposes of working capital. The total amount authorized to be outstanding at any time is \$33,000,000.

The advances are non-interest bearing and are repayable using the amounts on hand (cash and marketable securities) which, at any time, are in excess of what is required by the Corporation for working capital purposes.

Canadian Dairy Commission

The Corporation was established by the Canadian Dairy Commission Act, to provide, to efficient producers of milk and cream, the opportunity of obtaining a fair return for their labour and investment, and to provide, to consumers of dairy products, a continuous and adequate supply of high quality dairy products.

The Corporation is an agent of Her Majesty, reports through the Minister of Agriculture, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$3.9 million from budgetary appropriations.

Loans have been made to the Corporation, to finance its dealings in dairy products. The total amount authorized to be outstanding at any time is \$300,000,000.

The loans bear interest at rates from 11.296% to 12.485% per annum, and are repayable within 1 year.

The Corporation paid interest of \$9.3 million to the Government in 1989-90.

Canadian National (West Indies) Steamships Ltd

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to provide steamship services between Canada and the West Indies.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule III of the Financial Administration Act. The Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

Steps have been initiated to wind-up the Corporation and assign the accounts receivable to the Minister of Finance. As of the year end, however, dissolution had not taken place because of unresolved legal implications with the BankAmerica International (formerly the Bank of America) and the United States Government.

Capital stock

The Government's investment in the capital of the Corporation is recorded in this account.

Advances

The advances are repayable from moneys to be received upon collection of the final instalment on the sale of the eight vessels to Cuban interests which was due to be paid August 19, 1963 by an irrevocable letter of credit issued through the Bank-

America International. However, on July 3, 1963, the United States Cuban Assets Control Regulations became effective which prohibited the BankAmerica International from honouring payment of the draft. Since that time, negotiations to obtain a preferred status, in order to collect the receivable, have not been successful. It is the opinion of management, based on legal counsel, that these moneys plus applicable interest will be collected when the regulations are repealed.

A waiver of the application of the statute of limitations has been obtained until January 1, 1991, and further extensions will be obtained as required.

Canadian Saltfish Corporation

The Corporation was established by the Saltfish Act, to improve the earnings of primary producers of cured cod fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Saltfish Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$50,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable within 1 year, bearing interest at rates from 11.184% to 11.995% per annum, with final instalments between July 16, 1990 and September 18, 1990, \$43,000,000; and,
- (b) repayable over 10 years, bearing interest at the rate of 10.94% per annum, with the final instalment on March 30, 2000, \$1,000,000.

During the year, the Corporation paid interest of \$5 million to the Government.

Cape Breton Development Corporation

The Corporation was established by the Cape Breton Development Corporation Act, to stimulate economic adjustment and expansion on Cape Breton Island, while rationalizing the coal industry.

The Corporation is an agent of Her Majesty, reports through the Minister of Industry, Science and Technology, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$54 million from budgetary appropriations.

Advances have been made for the purpose of providing working capital for the coal division of the Corporation. The total amount authorized to be outstanding at any time is \$50,000,000.

The advances are non-interest bearing and have no fixed repayment dates.

Freshwater Fish Marketing Corporation

The Corporation was established by the Freshwater Fish Marketing Act, to regulate interprovincial and export trade in freshwater fish, and to market and trade in fish.

The Corporation is an agent of Her Majesty, reports through the Minister of Fisheries and Oceans, and is listed in Part I of Schedule III of the Financial Administration Act.

Loans have been made to the Corporation, pursuant to Section 16 of the Freshwater Fish Marketing Act, to enable it to carry on its operations.

The aggregate amount of loans authorized to be outstanding at any time, borrowed from all lenders, is \$30,000,000.

The loans bear interest at rates from 11.47% to 11.72% per annum, and are repayable between November 16, 1990 and January 26, 1991.

During the year, the Corporation paid interest of \$1.6 million to the Government.

Halifax Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Halifax.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Halifax.

The remaining loan bears interest at the rate of 10% per annum, and is repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1996.

During the year, the Corporation paid interest of \$382,023 and dividends of \$1.8 million to the Government.

Mingan Associates, Ltd

The Corporation was established by letters patent, granted under the laws of the Province of Quebec.

The Corporation is not an agent of Her Majesty, reports through the Minister of Indian Affairs and Northern Development, and is listed in Part I of Schedule III of the Financial Administration Act.

In 1983-84, the Government purchased all of the 21,606 common shares without par value of the Corporation for an amount of \$355,000, which was charged to budgetary expenditure (Indian Affairs and Northern Development Vote 10). These shares were purchased to gain ownership of a parcel of land owned by the Corporation which was required to be converted into reserve land. Parliamentary authority will be sought to wind-up the Corporation.

Montreal Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Montreal.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Montreal.

The remaining loan bears interest at the rate of 6.25% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$435,505 and dividends of \$8.8 million to the Government.

Prince Rupert Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Prince Rupert.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

During the year, loans were authorized by Transport Vote L50, Appropriation Acts No 1 and No 3 1989-90, to finance capital expenditures related to the Port of Prince Rupert.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates of 9.57% to 9.63% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2009, \$4,500,000; and,
- (b) bearing interest at the rate of 10.14% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2010, \$12,760,000.

During the year, the Corporation paid interest of \$83,562 and dividends of \$3 million to the Government.

Royal Canadian Mint

The Corporation was established by the Royal Canadian Mint Act, to:

- (a) produce and arrange for the production and supply of coins of the currency of Canada;
- (b) produce coins of the currency of other countries;
- (c) melt, assay, refine, buy and sell gold, silver and other metals for the account of Canada; and,
- (d) make medals, plaques and other things as are incidental to the powers of the Mint.

The Corporation is an agent of Her Majesty, reports through the Minister of Supply and Services, and is listed in Part II of Schedule III of the Financial Administration Act.

Capital stock

Section 3.1(1) of the Royal Canadian Mint Act states that the authorized capital of the Mint is \$40,000,000 divided into four thousand shares of ten thousand dollars each.

During the year, the Corporation issued the four thousand shares to the Minister of Supply and Services Canada, to be held in trust for Her Majesty in right of Canada.

Loans

Section 17(1) of the Act states that the Mint may borrow money from the Consolidated Revenue Fund or any other source but the aggregate of the amounts loaned to the Mint and outstanding at any time shall not exceed \$50,000,000.

Section 17(3) of the Act states that the Mint shall not borrow money without the approval of the Minister of Finance with respect to the time and the terms and conditions of the transaction.

The loans bear interest at rates from 8.25% to 12% per annum, and are repayable over 1 to 10 years, with final instalments between April 1, 1995 and April 1, 1998.

During the year, the Corporation paid interest of \$1.7 million and transferred \$60.4 million of profit to the Government.

Saint John Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Saint John.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Saint John.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at rates from 11% to 11.875% per annum, repayable at maturity on December 31, 1998 and December 31, 1999, \$10,817,600;
- (b) bearing interest at the rate of 12.43% per annum, repayable at maturity on December 31, 2000, \$6,665,062; and,
- (c) bearing interest at the rate of 11.625% per annum, repayable at maturity on December 31, 2005, \$2,569,795.

During the year, the Corporation paid interest of \$2.4 million to the Government.

St John's Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of St John's.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of St John's.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 9.33% per annum, repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000, \$1,327,551;
- (b) bearing interest at the rate of 10.015% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1997, \$868,320;
- (c) bearing interest at the rate of 9.785% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1998, \$702,454; and,
- (d) bearing interest at the rate of 9.375% per annum, repayable in equal annual instalments over 10 years, with the final instalment on December 31, 1998, \$233,837.

During the year, the Corporation paid interest of \$320,894 to the Government.

Vancouver Port Corporation

The Corporation was established by the Canada Ports Corporation Act, to administer, manage and control the Port of Vancouver.

The Corporation is an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part II of Schedule III of the Financial Administration Act.

Loans have been made to finance capital expenditures related to the Port of Vancouver.

The remaining loan bears interest at the rate of 7.5% per annum, and is repayable in equal annual instalments over 20 years, with the final instalment on December 31, 2000.

During the year, the Corporation paid interest of \$296,145 and dividends of \$22.2 million to the Government.

VIA Rail Canada Inc

The Corporation was incorporated pursuant to the Canada Business Corporations Act, to revitalize passenger rail services in Canada, and to manage and market them on an efficient commercial basis, reducing the financial burden on the Government.

The Corporation is not an agent of Her Majesty, reports through the Minister of Transport, and is listed in Part I of Schedule III of the Financial Administration Act.

During the year, the Corporation received financial assistance of \$521.1 million from budgetary appropriations.

The Government's investment in the capital of the Corporation is recorded in this account.

Summary Financial Statements of Enterprise Crown Corporations

The following tables display details of the assets, liabilities, revenues and expenses of enterprise Crown corporations.

Tables 6.4 to 6.6 present the assets, liabilities, revenues, expenses and changes to the equity of enterprise corporations grouped in five segments. The segment of competitive, self-sustaining corporations consists of those corporations named in Schedule III, Part II of the Financial Administration Act.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation in accordance with its own respective accounting policies. Most Crown corporations follow the generally accepted accounting principles used by private sector companies, as outlined in the Handbook of the Canadian Institute of Chartered Accountants.

Financial assets include cash, receivables, loans and investments. Physical assets and deferred charges represent the unexpensed portion of non-financial assets such as buildings, machinery and equipment in use or under construction, inventories and other items of expenditure which will be expensed as these assets are used. Financial assets and liabilities in respect of the Government and other Crown corporations represent the unpaid balances arising from financing transactions and normal operating activities. Borrowings from outside parties represent amounts repayable to institutional and other investors. Other liabilities are amounts due in respect of purchases, employee termination and pension benefits, accrued interest on borrowings, long-term capital leases and sundry accounts payable.

Revenues include financial assistance received or receivable from the Government in respect of the current year's operations. Expenses are segregated between those relating to outside parties, Government and other Crown corporations as well as other adjustments and dividends paid to outside parties. These adjustments may increase or reduce the amount of income accruing to the Government. Equity transactions with the Government include dividends declared, transfers of profits to the Government and non-current financial assistance provided by the Government.

These tables present consolidated financial information on parent enterprise Crown corporations and financial information on unconsolidated wholly-owned subsidiaries. Volume III of the Public Accounts includes a complete list of all parent Crown corporations, wholly-owned subsidiaries, other subsidiaries and associates.

Enterprise Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the Government Corporations Operation Act. In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government

and are recorded as such in the summary financial statements of Canada net of borrowings expected to be repaid directly by these corporations. The gross amounts of such borrowings are included under "Liabilities, Outside Parties". A summary of such borrowings and the changes during the year ended March 31, 1990 is presented in Table 6.7.

Borrowings by non-agent enterprise Crown corporations are not, in law, obligations of the Government. However, when the Government expressly guarantees such borrowings, they become potential obligations of the Government. Such guarantees amounted to \$0.1 million as at March 31, 1990. A summary of borrowing transactions by non-agent enterprise Crown corporations is presented in Table 6.8. The maturity and currency of enterprise Crown corporations' borrowings is presented in Table 6.9. Contingent liabilities of enterprise Crown corporations are presented in Table 6.10.

A summary of financial assistance under Government budgetary appropriations to enterprise Crown corporations for the year ended March 31, 1990 is provided in Table 6.11. Differences in figures reported in Table 6.6 and those reported in Table 6.11 result from the use of different accounting policies and from items in transit.

TABLE 6.4

SUMMARY COMBINED FINANCIAL STATEMENTS OF ENTERPRISE CROWN CORPORATIONS BY SEGMENT
(in thousands of dollars)

	Competitive, self-sustaining	Bank of Canada	Lending and insurance	Marketing	Other	Total
ASSETS AND LIABILITIES AND EQUITY						
AS AT MARCH 31, 1990						
Assets						
Financial						
Outside parties	3,096,194	1,259,609	22,864,591	5,219,964	65,754	32,506,112
Government and other Crown corporations	692,508	21,907,696	797,400	80,633	36,772	23,515,009
Total financial assets	3,788,702	23,167,305	23,661,991	5,300,597	102,526	56,021,121
Physical assets and deferred charges	14,789,063	151,296	360,158	1,084,186	985,849	17,370,552
Total assets	18,577,765	23,318,601	24,022,149	6,384,783	1,088,375	73,391,673
Liabilities						
Outside parties						
Borrowings	4,752,147		9,317,106	4,354,413	1,569	18,425,235
Bank of Canada notes in circulation and amounts owing to depositors		22,459,961				22,459,961
Other liabilities	3,742,298	584,245	1,515,805	1,875,496	63,231	7,781,075
Government and other Crown corporations	1,535,634	244,395	12,853,940	149,510	21,162	14,804,641
Total liabilities	10,030,079	23,288,601	23,686,851	6,379,419	85,962	63,470,912
Equity of Canada	8,547,686	30,000	335,298	5,364	1,002,413	9,920,761
Total liabilities and equity	18,577,765	23,318,601	24,022,149	6,384,783	1,088,375	73,391,673
Contingent liabilities	337,761	48,700	119,474	8,676	855	515,466
REVENUES, EXPENSES AND CHANGES IN EQUITY						
FOR THE YEAR ENDED MARCH 31, 1990						
Revenues						
Outside parties	12,761,213		2,659,916	5,355,317	364,556	21,141,002
Government and other Crown corporations						
Financial assistance	233,800		33,000	47,696	467	314,963
Other	938,249	2,424,541	149,859	16,475	10,632	3,539,756
Total revenues	13,933,262	2,424,541	2,842,775	5,419,488	375,655	24,995,721
Expenses						
Outside parties	12,668,829	185,700	1,545,322	5,399,462	451,400	20,250,713
Government and other Crown corporations	1,158,941		1,085,242	32,236	3,009	2,279,428
Total expenses	13,827,770	185,700	2,630,564	5,431,698	454,409	22,530,141
Net income/loss(-) for the year	105,492	2,238,841	212,211	-12,210	-78,754	2,465,580
Adjustments	2,160,090			4,599	-54	2,164,635
Government share of income/loss (-)	-2,054,598	2,238,841	212,211	-16,809	-78,700	300,945
Equity transactions with the Government	683,666	-2,238,841	625,532	-865	53,963	-876,545
Equity of Canada, beginning of the year	9,918,618	30,000	-502,445	23,038	1,027,150	10,496,361
Equity of Canada, end of the year	8,547,686	30,000	335,298	5,364	1,002,413	9,920,761

Notes to Table 6.5 are an integral part of this table.

TABLE 6.5

FINANCIAL POSITION OF ENTERPRISE CROWN CORPORATIONS —ASSETS AND LIABILITIES
AS AT MARCH 31, 1990
(in thousands of dollars)

	Assets			Total
	Financial	Government and other Crown corporations	Physical assets and deferred charges	
Enterprise Crown corporations ⁽¹⁾	Outside parties			
Competitive, self-sustaining				
Canada Development Investment Corporation [2]	397,336	147,577	5,239	550,152
Canada Ports Corporation	1,583	80,753	35,864	118,200
Canada Post Corporation	514,214	64,754	1,928,816	2,507,784
Canadian National Railway System	529,884	141,458	6,465,734	7,137,076
Halifax Port Corporation	3,370	6,665	58,957	68,992
Montreal Port Corporation	8,886	64,693	156,172	229,751
Petro Canada [3]	1,606,300	43,055	5,626,634	7,275,989
Port of Quebec Corporation	1,374	24,013	45,954	71,341
Prince Rupert Port Corporation	1,108	12,757	99,026	112,891
Royal Canadian Mint	18,183	4,436	71,398	94,017
Saint John Port Corporation	842	13,717	77,865	92,424
St John's Port Corporation	469	1,610	14,625	16,704
Teleglobe Canada [4]	311			311
Vancouver Port Corporation	12,334	87,020	202,779	302,133
<i>Total-Competitive, self-sustaining</i>	<i>3,096,194</i>	<i>692,508</i>	<i>14,789,063</i>	<i>18,577,765</i>
<i>Bank of Canada</i>	<i>1,259,609</i>	<i>21,907,696</i>	<i>151,296</i>	<i>23,318,601</i>
Lending and Insurance				
Canada Deposit Insurance Corporation	494,114	24,810	1,018	519,942
Canada Mortgage and Housing Corporation	8,853,486	56,360	16,995	8,926,841
Insurance Programs	175,578	665,950	134,345	975,873
Export Development Corporation	6,950,445	10,142		6,960,587
Farm Credit Corporation	3,623,795		192,924	3,816,719
Federal Business Development Bank	2,767,173	40,138	14,876	2,822,187
<i>Total-Lending and insurance</i>	<i>22,864,591</i>	<i>797,400</i>	<i>360,158</i>	<i>24,022,149</i>
Marketing				
Canadian Commercial Corporation	828,008	1,814		829,822
Canadian Dairy Commission				
Marketing operations	21,899	46,279	78,027	146,205
Canadian Saltfish Corporation	9,839	140	6,319	16,298
Canadian Wheat Board, The	4,351,974	32,361	976,516	5,360,851
Freshwater Fish Marketing Corporation	8,244	39	23,324	31,607
<i>Total-Marketing</i>	<i>5,219,964</i>	<i>80,633</i>	<i>1,084,186</i>	<i>6,384,783</i>
Other				
Atlantic Pilotage Authority	648	5	1,314	1,967
Cape Breton Development Corporation	27,333	698	447,288	475,319
Great Lakes Pilotage Authority, Ltd	1,836		46	1,882
Laurentian Pilotage Authority	3,107		603	3,710
Pacific Pilotage Authority	3,263		1,463	4,726
St. Lawrence Seaway Authority, The	29,339	36,069	534,879	600,287
Seaway International Bridge Corporation Ltd, The	228		256	484
<i>Total-Other</i>	<i>65,754</i>	<i>36,772</i>	<i>985,849</i>	<i>1,088,375</i>
Total-Enterprise	32,506,112	23,515,009	17,370,552	73,391,673

⁽¹⁾ All enterprise Crown corporations listed in this table are parent Crown corporations except the Seaway International Bridge Corporation, Ltd which is an unconsolidated subsidiary.

⁽²⁾ Canada Development Investment Corporation (CDIC): During 1988, the operating assets of Canada Eldor Inc. (CEI) (formerly Eldorado Nuclear Limited) were transferred to Cameco - A Canadian Mining & Energy Corporation (Cameco) in exchange for notes and a 38.5% interest in Cameco. Also during 1988, the corporation acquired two subsidiaries from Atomic Energy of Canada Limited - Nordion International Inc. (Nordion) and Theratronics International Limited (Theratronics). On December 12, 1989, Bill C-13, an Act authorizing the divestiture of Nordion and Theratronics by CDIC was passed by the House of Commons. Pursuant to a directive received from the Government, CDIC acquired a 51% interest in Ginn Publishing Canada Inc. (Ginn) on May 26, 1989. The financial statements of Cartierville Financial Corporation Inc. (CFC) and CEI, have been consolidated with those of CDIC. The earnings of Nordion, Theratronics and Ginn and/or gains or losses on dispositions do not accrue to the benefit of CDIC, therefore, the investment is carried at the lower of cost and net realizable value.

⁽³⁾ Subsequent to March 31, 1989, Petro Canada announced a retroactive change in accounting policy. This change is reflected in the values reported in Tables 6.4, 6.5, and 6.6. The effect was to reduce the government's equity by \$1,188 million.

⁽⁴⁾ On April 4, 1987, the Teleglobe Canada Reorganization and Divestiture Act received Royal Assent pursuant to the letter of intent signed February 11, 1987 selling the assets of Teleglobe Canada to Memotec Data Inc. The Corporation is potentially liable for bills of exchange. The liability amounts to £15,473,811 (\$28,915,911) as at March 31, 1990 and matures in 1993.

Liabilities					
Outside parties		Government and other Crown corporations	Total liabilities	Equity of Canada	Total liabilities and equity
Borrowings	Other				
566,320	15,610	141,829	723,759	-173,607	550,152
	2,741	2,372	5,113	113,087	118,200
	841,588	176,100	1,017,688	1,490,096	2,507,784
1,715,777	1,552,061	322,839	3,590,677	3,546,399	7,137,076
	2,802	3,486	6,288	62,704	68,992
	11,556	8,767	20,323	209,428	229,751
2,450,354	1,274,159	769,651	4,494,164	2,781,825	7,275,989
	3,617	164	3,781	67,560	71,341
	4,805	65,560	70,365	42,526	112,891
	18,705	17,129	35,834	58,183	94,017
19,696	1,888	20,681	42,265	50,159	92,424
	594	3,219	3,813	12,891	16,704
	12,172	17	17	294	311
4,752,147	3,742,298	1,535,634	10,030,079	8,577,686	18,577,765
	23,044,206	244,395	23,288,601	30,000	23,318,601
	547	1,407,238	1,407,785	-887,843	519,942
	56,834	8,820,007	8,876,841	50,000	8,926,841
	870,741	4,968	875,709	100,164	975,873
5,802,119	371,320	5,667	6,179,106	781,481	6,960,587
1,215,613	59,536	2,615,450	3,890,599	-73,880	3,816,719
2,299,374	156,827	610	2,456,811	365,376	2,822,187
9,317,106	1,515,805	12,853,940	23,686,851	335,298	24,022,149
	788,297	1,473	789,770	40,052	829,822
	97,922	48,283	146,205		146,205
	6,827	44,159	50,986	-34,688	16,298
4,354,413	973,839	32,599	5,360,851		5,360,851
	8,611	22,996	31,607		31,607
4,354,413	1,875,496	149,510	6,379,419	5,364	6,384,783
102	960	114	1,176	791	1,967
	25,179	20,994	46,173	429,146	475,319
	3,448		3,448	-1,566	1,882
1,459	3,882		5,341	-1,631	3,710
	2,739		2,739	1,987	4,726
	26,555	54	26,609	573,678	600,287
8	468		476	8	484
1,569	63,231	21,162	85,962	1,002,413	1,088,375
18,425,235	30,241,036	14,804,641	63,470,912	9,920,761	73,391,673

TABLE 6.6

REVENUES, EXPENSES AND OTHER CHANGES IN EQUITY OF ENTERPRISE CROWN CORPORATIONS
FOR THE YEAR ENDED MARCH 31, 1990
(in thousands of dollars)

Enterprise Crown corporations	Revenues			
	Outside parties	Government and Crown corporations		Total
		Financial assistance ⁽¹⁾	Other	
Competitive, self-sustaining				
Canada Development Investment Corporation	18,855		2,634	21,489
Canada Ports Corporation	6,537		8,559	15,096
Canada Post Corporation	3,342,520	184,500	229,073	3,756,093
Canadian National Railway System	3,686,633		506,391	4,193,024
Halifax Port Corporation	18,347		805	19,152
Montreal Port Corporation	53,557		12,258	65,815
Petro Canada	4,996,477	49,300	91,481	5,137,258
Port of Quebec Corporation	10,169		4,163	14,332
Prince Rupert Port Corporation	14,315		705	15,020
Royal Canadian Mint	546,028		70,335	616,363
Saint John Port Corporation	11,355		1,562	12,917
St John's Port Corporation	2,985		288	3,273
Teleglobe Canada	244			244
Vancouver Port Corporation	53,191		9,995	63,186
<i>Total-Competitive, self-sustaining</i>	<i>12,761,213</i>	<i>233,800</i>	<i>938,249</i>	<i>13,933,262</i>
<i>Bank of Canada</i>			<i>2,424,541</i>	<i>2,424,541</i>
Lending and insurance				
Canada Deposit Insurance Corporation	270,206		3,874	274,080
Canada Mortgage and Housing Corporation	782,485		65,162	847,647
Insurance Programs	176,515		56,868	233,383
Export Development Corporation	629,313		526	629,839
Farm Credit Corporation	422,690			422,690
Federal Business Development Bank	378,707	33,000	23,429	435,136
<i>Total-Lending and insurance</i>	<i>2,659,916</i>	<i>33,000</i>	<i>149,859</i>	<i>2,842,775</i>
Marketing				
Canadian Commercial Corporation	689,788	17,089		706,877
Canadian Dairy Commission				
Marketing operations	403,381		10,806	414,187
Canadian Saltfish Corporation	39,470		5,669	45,139
Canadian Wheat Board, The	4,173,235	30,607		4,203,842
Freshwater Fish Marketing Corporation	49,443			49,443
<i>Total-Marketing</i>	<i>5,355,317</i>	<i>47,696</i>	<i>16,475</i>	<i>5,419,488</i>
Other				
Atlantic Pilotage Authority	7,268	467	25	7,760
Cape Breton Development Corporation	223,394		4,836	228,230
Great Lakes Pilotage Authority, Ltd	9,182			9,182
Laurentian Pilotage Authority	28,497			28,497
Pacific Pilotage Authority	26,092			26,092
St. Lawrence Seaway Authority, The	67,971		5,771	73,742
Seaway International Bridge Corporation Ltd, The	2,152			2,152
<i>Total-Other</i>	<i>364,556</i>	<i>467</i>	<i>10,632</i>	<i>375,655</i>
<i>Total-Enterprise</i>	<i>21,141,002</i>	<i>314,963</i>	<i>3,539,756</i>	<i>24,995,721</i>

⁽¹⁾ This column records only that portion of financial assistance received or receivable from the federal Government that has been credited to operations. A further amount of \$798,168 representing capital and operating appropriations received by the corporations is included in "Equity transactions with Government". Revenues "Other" include amounts generated from the sale of goods and services, investment income as well as grants where the corporations qualify as a member of a general class of recipients. The total financial assistance accounted for by the corporations during the year does not agree with the amount reported in Table 6.11 because of differences resulting from the different accounting policies followed.

Expenses								
Outside parties	Government and Crown corporations ⁽¹⁾	Total	Income/or loss(-)	Adjustments	Government share of net income/or loss(-)	Equity tranactions with Government	Equity beginning of year	Equity end of year
313,127		313,127	-291,638	1,358	-290,280		116,673	-173,607
17,733	-5,428	12,305	2,791		2,791	29,205	81,091	113,087
3,188,251	419,042	3,607,293	148,800	-301,309	-152,509		1,642,605	1,490,096
3,749,308	269,128	4,018,436	174,588		174,588	-41,150	3,412,961	3,546,399
13,589	1,066	14,655	4,497		4,497	-1,604	59,811	62,704
55,299	4,921	60,220	5,595		5,595	-1,496	205,329	209,428
4,725,240	393,554	5,118,794	18,464	-1,859,447	-1,840,983	671,000	3,951,808	2,781,825
11,916		11,916	2,416		2,416	-658	65,802	67,560
10,574	306	10,880	4,140		4,140	-974	39,360	42,526
539,074	70,091	609,165	7,198	-692	6,506	40,000	11,677	58,183
10,117	3,055	13,172	-255		-255		50,414	50,159
2,130	626	2,756	517		517		12,374	12,891
99	63	162	82		82	-2,500	2,712	294
32,372	2,517	34,889	28,297		28,297	-8,157	266,001	286,141
12,668,829	1,158,941	13,827,770	105,492	-2,160,090	-2,054,598	683,666	9,918,618	8,547,686
185,700		185,700	2,238,841		2,238,841	-2,238,841	30,000	30,000
-65,724	165,811	100,087	173,993		173,993		-1,061,836	-887,843
213,187	607,992	821,179	26,468		26,468	-26,468	50,000	50,000
-8,980	73,043	64,063	169,320		169,320		-69,156	100,164
834,987	-7,007	827,980	-198,141		-198,141	75,000	904,622	781,481
184,183	241,196	425,379	-2,689		-2,689	600,000	-671,191	-73,880
387,669	4,207	391,876	43,260		43,260	-23,000	345,116	365,376
1,545,322	1,085,242	2,630,564	212,211		212,211	625,532	-502,445	335,298
691,615	8,112	699,727	7,150		7,150	-865	33,767	40,052
400,193	13,994	414,187						
56,289	8,210	64,499	-19,360	-4,599	-23,959		-10,729	-34,688
4,203,842		4,203,842						
47,523	1,920	49,443						
5,399,462	32,236	5,431,698	-12,210	-4,599	-16,809	-865	23,038	5,364
7,322	25	7,347	413		413		378	791
302,000		302,000	-73,770		-73,770	53,963	448,953	429,146
9,515		9,515	-333	54	-279		-1,287	-1,566
30,125		30,125	-1,628		-1,628		-3	-1,631
26,738		26,738	-646		-646		2,633	1,987
74,015	2,517	76,532	-2,790		-2,790		576,468	573,678
1,685	467	2,152					8	8
451,400	3,009	454,409	-78,754	54	-78,700	53,963	1,027,150	1,002,413
20,250,713	2,279,428	22,530,141	2,465,580	-2,164,635	300,945	-876,545	10,496,361	9,920,761

Borrowings by Agent Enterprise Crown Corporations

Table 6.7 summarizes the borrowing transactions by agent enterprise Crown corporations made on behalf of Her Majesty. This information is published to satisfy Section 49 of the Financial Administration Act (FAA) which requires that "An annual statement of all borrowing transactions on behalf of Her Majesty shall be included in the Public Accounts". The borrowings are from other than the Government. In accordance with Section 54 of the FAA, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund.

TABLE 6.7

BORROWINGS BY AGENT ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1989	Borrowings and other credits	Repayments and other charges	Balance March 31/1990
Canada Development Investment Corporation	525,138	58,297	17,115	566,320
Canadian Wheat Board, The	3,767,331	17,610,029	17,022,947	4,354,413
Export Development Corporation	5,198,057	40,141,196	39,537,134	5,802,119
Farm Credit Corporation	1,328,156		112,543	1,215,613
Federal Business Development Bank	2,065,349	4,600,603	4,366,578	2,299,374
Petro Canada	2,096,814	8,004,223	7,650,683	2,450,354
Saint John Port Corporation	19,696			19,696
Seaway International Bridge Corporation, Ltd., The	8			8
Teleglobe Canada[4]				
Total	15,000,549	70,414,348	68,707,000	16,707,897
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government	-3,185,000		365,000	-3,550,000
Borrowings expected to be repaid by agent enterprise Crown Corporations reported on the Statement of Assets and Liabilities	11,815,549	70,414,348	69,072,000	13,157,897

Notes to Table 6.5 are an integral part of this table.

Borrowings by Enterprise Crown Corporations

Table 6.8 summarizes the borrowing transactions of agent and non-agent enterprise Crown corporations. Borrowings of non-agent enterprise Crown corporations are not on behalf of Her Majesty.

TABLE 6.8

BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	Balance April 1/1989	Borrowings and other credits	Repayments and other charges	Balance March 31/1990
Borrowings by agent enterprise Crown corporations	15,000,549	70,414,348	68,707,000	16,707,897
Borrowings by non-agent enterprise Crown corporations--				
Atlantic Pilotage Authority	275		173	102
Canadian National Railway System	1,715,358	79,108	78,689	1,715,777
Laurentian Pilotage Authority		1,459		1,459
Total	1,715,633	80,567	78,862	1,717,338
Total	16,716,182	70,494,915	68,785,862	18,425,235

Notes to Table 6.5 are an integral part of this table.

Maturity and Currency of Borrowings by Enterprise Crown Corporations

Table 6.9 summarizes the maturity and currency of borrowings by agent and non-agent enterprise Crown corporations, as at March 31, 1990.

TABLE 6.9

MATURITY AND CURRENCY OF BORROWINGS BY ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
1991	3,396,226	84,538	3,480,764
1992	7,033,406	53,263	7,086,669
1993	889,367	39,718	929,085
1994	1,424,934	144,335	1,569,269
1995	418,442	144,213	562,655
1996/2000	1,002,981	499,765	1,502,746
2001/2005	1,372,341	515,794	1,888,135
2006 and after	1,170,200	235,712	1,405,912
Total	16,707,897	1,717,338	18,425,235

Notes to Table 6.5 are an integral part of this table.

(1) The borrowings are composed of U.S.\$ 9,975,375, £ 1,454, SF 193,229, ¥ 288,056, Aust\$ 94,272, N.Z.\$ 9,528, DM 228,774, ECU 222,247, and Cdn\$ 7,412,300.

Contingent Liabilities of Enterprise Crown Corporations

Table 6.10 summarizes the contingent liabilities of enterprise Crown corporations. A contingent liability is defined as a

potential liability which may become an actual liability when one or more future events occur or fail to occur.

TABLE 6.10

CONTINGENT LIABILITIES OF ENTERPRISE CROWN CORPORATIONS

(in thousands of dollars)

	March 31, 1990
Agent enterprise Crown corporations	
Bank of Canada-loan guarantees	48,700
Canada Mortgage and Housing Corporation-insulation claims and other litigation	52,600
Canada Ports Corporation-miscellaneous litigation	1,709
Canadian Commercial Corporation-contract damages	8,676
Export Development Corporation-loan guarantees and loans with recourse	64,589
Federal Business Development Bank-loan guarantees	2,285
Halifax Port Corporation-miscellaneous litigation	1,024
Montreal Port Corporation-miscellaneous litigation	6,300
Petro Canada-loan guarantee	226,000
Port of Quebec Corporation-miscellaneous litigation	6,000
St John's Port Corporation-miscellaneous litigation	364
St Lawrence Seaway Authority-claims for damages	67,448
Teleglobe Canada-guaranteed bills of exchange	28,916
	514,611
Non-agent enterprise Crown corporations	
Atlantic Pilotage Authority-miscellaneous litigation	855
	855
Total	515,466

Notes to Table 6.5 are an integral part of this table.

Financial Assistance Under Budgetary Appropriations to Enterprise Crown Corporations

Table 6.11 summarizes financial assistance under budgetary appropriations for both agent and non-agent enterprise Crown corporations. It should be read in conjunction with Table 6.6. The purpose for which payments have been made under budgetary

appropriations is segregated between: (a) amounts to cover operating expenses and (b) amounts for capital expenditures.

All amounts reported represent charges to appropriations or authorities approved by Parliament.

TABLE 6.11

FINANCIAL ASSISTANCE UNDER BUDGETARY APPROPRIATIONS TO ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1990
(in thousands of dollars)

	Financial assistance under budgetary appropriations ⁽¹⁾	Purpose	
		Operations	Capital expenditures
<u>Agent enterprise Crown corporations</u>			
Canada Ports Corporation	32,053	32,053	
Canada Post Corporation	184,500	184,500	
Canadian Commercial Corporation	17,089	17,089	
Canadian Dairy Commission	3,874	3,874	
Canadian Wheat Board, The	30,608	30,608	
Cape Breton Development Corporation	53,963	39,089	14,874
Export Development Corporation	110,845	110,845	
Federal Business Development Bank	34,189	34,189	
Petro-Canada	49,300	49,300	
St Lawrence Seaway Authority, The	26,900	26,900	
	<i>543,321</i>	<i>528,447</i>	<i>14,874</i>
<u>Non-agent enterprise Crown corporations</u>			
Canadian National Railway System	6,955	6,955	
Laurentian Pilotage Authority	1,673	1,673	
	<i>8,628</i>	<i>8,628</i>	
Total	551,949	537,075	14,874

⁽¹⁾ Excludes grants and contributions paid to agent and non-agent enterprise Crown corporations where they qualify as members of a general class of recipients.

PROVINCIAL AND TERRITORIAL GOVERNMENTS

This group records loans to provinces made under relief acts and other legislation.

Table 6.12 presents a summary of the balances and transactions for the various types of loans and advances that have been made to provincial and territorial governments.

TABLE 6.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (–)	
	\$	\$	\$	\$	1990	1989
NEWFOUNDLAND—						
Atlantic Canada Opportunities Agency—						
Special areas and highways agreement	27,529,006	2,726,408		24,802,598	–2,726,408	–2,516,394
Finance—						
Federal-provincial employment loans program	3,661,214			3,661,214		
Federal-provincial fiscal arrangements	3,839,751	3,839,751	71,232,000	71,232,000	67,392,249	3,839,751
Municipal Development and Loan Board	4,609,659	227,076		4,382,583	–227,076	–229,707
Special development loans program	6,700,000			6,700,000		
Winter capital projects fund	6,944,973	32,191		6,912,782	–32,191	–6,828
	25,755,597	4,099,018	71,232,000	92,888,579	67,132,982	3,603,216
Industry, Science and Technology—						
Atlantic Development Board carry-over projects	884,496	44,734		839,762	–44,734	–40,938
Atlantic Provinces Power Development Act	71,123,898	2,375,598		68,748,300	–2,375,598	–2,219,965
	72,008,394	2,420,332		69,588,062	–2,420,332	–2,260,903
Total Newfoundland	125,292,997	9,245,758	71,232,000	187,279,239	61,986,242	–1,174,081
NOVA SCOTIA—						
Atlantic Canada Opportunities Agency—						
Special areas and highways agreement	17,250,574	1,817,195		15,433,379	–1,817,195	–1,677,653
Energy, Mines and Resources—						
Regional electrical interconnections	2,438,855	36,935		2,401,920	–36,935	–33,499
Finance—						
Federal-provincial employment loans program	1,021,803	219,432		802,371	–219,432	–655,145
Federal-provincial fiscal arrangements			57,724,000	57,724,000	57,724,000	
Municipal Development and Loan Board	1,048,680	96,581		952,099	–96,581	–91,638
Special development loans program	4,300,000			4,300,000		
Winter capital projects fund	3,388,503	368,524		3,019,979	–368,524	–338,157
	9,758,986	684,537	57,724,000	66,798,449	57,039,463	–1,084,940
Industry, Science and Technology—						
Atlantic Development Board carry-over projects	3,476,023	187,361		3,288,662	–187,361	–174,122
Atlantic Provinces Power Development Act	35,806,538	2,139,674		33,666,864	–2,139,674	–2,011,861
	39,282,561	2,327,035		36,955,526	–2,327,035	–2,185,983
Total Nova Scotia	68,730,976	4,865,702	57,724,000	121,589,274	52,858,298	–4,982,075
PRINCE EDWARD ISLAND—						
Atlantic Canada Opportunities Agency—						
Comprehensive development plan agreement	10,824,743	357,816		10,466,927	–357,816	–203,962
Finance—						
Federal-provincial employment loans program	142,060	24,087		117,973	–24,087	–18,727
Federal-provincial fiscal arrangements			9,798,000	9,798,000	9,798,000	–3,687,000

TABLE 6.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Continued*

	April 1/1989	Receipts and other credits	Payments and other charges	Net increase or decrease (—)		
				March 31/1990	1990	1989
	\$	\$	\$	\$	\$	\$
Municipal Development and Loan Board	631,374	39,719		591,655	-39,719	-33,050
Special development loans program	133,426	62,511		70,915	-62,511	
Winter capital projects fund	893,430	92,527		800,903	-92,527	-61,237
	1,800,290	218,844	9,798,000	11,379,446	9,579,156	-3,800,014
Industry, Science and Technology—Atlantic Development Board carry-over projects	20,194	1,428		18,766	-1,428	-1,328
Total Prince Edward Island	12,645,227	578,088	9,798,000	21,865,139	9,219,912	-4,005,304
NEW BRUNSWICK—						
Atlantic Canada Opportunities Agency—						
Special areas and highways agreement	32,643,792	2,805,100		29,838,692	-2,805,100	-2,597,461
Energy, Mines and Resources—Regional electrical interconnections	4,616,405	70,216		4,546,189	-70,216	-64,211
Finance—						
Federal-provincial employment loans program	5,688,632	219,078		5,469,554	-219,078	-201,901
Federal-provincial fiscal arrangements	8,841,342	8,841,342	31,853,830	31,853,830	23,012,488	8,841,342
Municipal Development and Loan Board	5,134,770	162,810		4,971,960	-162,810	-117,553
Special development loans program	5,375,000			5,375,000		
Winter capital projects fund	9,198,961	129,870		9,069,091	-129,870	-99,756
	34,238,705	9,353,100	31,853,830	56,739,435	22,500,730	8,422,132
Industry, Science and Technology—Atlantic Development Board carry-over projects	720,028	44,424		675,604	-44,424	-41,325
Atlantic Provinces Power Development Act	35,850,243	2,054,713		33,795,530	-2,054,713	-1,940,341
	36,570,271	2,099,137		34,471,134	-2,099,137	-1,981,666
Total New Brunswick	108,069,173	14,327,553	31,853,830	125,595,450	17,526,277	3,778,794
QUEBEC—						
Finance—						
Federal-provincial employment loans program	61,300,779			61,300,779		
Municipal Development and Loan Board	39,532,293	2,247,938		37,284,355	-2,247,938	-2,134,088
Special development loans program	70,300,000			70,300,000		
Winter capital projects fund	91,314,928			91,314,928		
	262,448,000	2,247,938		260,200,062	-2,247,938	-2,134,088
Industry, Science and Technology—Special areas and highways agreement	92,333,434	2,792,351		89,541,083	-2,792,351	-2,573,825
Total Quebec	354,781,434	5,040,289		349,741,145	-5,040,289	-4,707,913
ONTARIO—						
Finance—						
Federal-provincial employment loans program	6,755,398	1,023,109		5,732,289	-1,023,109	-956,427
Municipal Development and Loan Board	8,822,708	1,103,992		7,718,716	-1,103,992	-1,357,165
Special development loans program	908,758	206,169		702,589	-206,169	-193,568
Winter capital projects fund	24,361,045	2,503,340		21,857,705	-2,503,340	-2,298,089
Total Ontario	40,847,909	4,836,610		36,011,299	-4,836,610	-4,805,249

TABLE 6.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Continued*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
	\$	\$	\$	\$	1990	1989
MANITOBA—						
Agriculture—						
Agricultural service centres	5,356,404	453,940		4,902,464	—453,940	—415,509
Energy, Mines and Resources—						
Regional electrical interconnec- tions	101,506,350	2,018,217	20,685,000	120,173,133	18,666,783	—1,848,998
Finance—						
Federal-provincial employment loans program	2,423,778	543,519		1,880,259	—543,519	—508,056
Municipal Development and Loan Board	2,227,060	416,582		1,810,478	—416,582	—395,163
Special development loans program	2,395,388	543,439		1,851,949	—543,439	—510,224
Winter capital projects fund	1,987,445	157,324		1,830,121	—157,324	—145,312
	9,033,671	1,660,864		7,372,807	—1,660,864	—1,558,755
Western Economic Diversifi- cation—						
Special areas and highways agreement	2,256,853	234,622		2,022,231	—234,622	—216,845
Total Manitoba	118,153,278	4,367,643	20,685,000	134,470,635	16,317,357	—4,040,107
SASKATCHEWAN—						
Agriculture—						
Agricultural service centres	4,988,597	358,485		4,630,112	—358,485	—326,908
Finance—						
Federal-provincial employment loans program	506,920	89,164		417,756	—89,164	—82,422
Municipal Development and Loan Board	550,219	134,300		415,919	—134,300	—127,431
	1,057,139	223,464		833,675	—223,464	—209,853
Total Saskatchewan	6,045,736	581,949		5,463,787	—581,949	—536,761
ALBERTA—						
Finance—						
Federal-provincial employment loans program	1,931,779	426,760		1,505,019	—426,760	—419,157
Municipal Development and Loan Board	2,588,641	463,300		2,125,341	—463,300	—441,054
Special development loans program	4,000,000			4,000,000		
Winter capital projects fund	2,851,821	409,904		2,441,917	—409,904	—402,836
	11,372,241	1,299,964		10,072,277	—1,299,964	—1,263,047
Western Economic Diversifi- cation—						
Special areas and highways agreement	2,021,415	218,222		1,803,193	—218,222	—202,120
Total Alberta	13,393,656	1,518,186		11,875,470	—1,518,186	—1,465,167
BRITISH COLUMBIA—						
Finance—						
Federal-provincial employment loans program	6,408,994	1,106,403		5,302,591	—1,106,403	—1,052,394
Municipal Development and Loan Board	3,458,159	681,473		2,776,686	—681,473	—651,984
Special development loans program	8,301,226	1,885,653		6,415,573	—1,885,653	—1,771,159
Winter capital projects fund	10,658,500	1,278,147		9,380,353	—1,278,147	—1,090,722
Total British Columbia	28,826,879	4,951,676		23,875,203	—4,951,676	—4,566,259

TABLE 6.12

PROVINCIAL AND TERRITORIAL GOVERNMENTS—*Concluded*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (–)	
	\$	\$	\$	\$	1990	1989
NORTHWEST TERRITORIES—						
Finance—						
Federal-provincial employment loans program	12,249	2,253		9,996	–2,253	–1,992
Winter capital projects fund	174,964 187,213	2,253		174,964 184,960	–2,253	–39,592 –41,584
Indian Affairs and Northern Development— Government of the Northwest Territories	235,305	40,767		194,538	–40,767	–37,549
Total Northwest Territories	422,518	43,020		379,498	–43,020	–79,133
YUKON TERRITORY—						
Indian Affairs and Northern Development— Government of the Yukon Territory	5,742,689	742,329		5,000,360	–742,329	–671,318
Yukon Territory small business loans	313,412	220,863		92,549	–220,863	44
Total Yukon Territory	6,056,101	963,192		5,092,909	–963,192	–671,274
Total	883,265,884	51,319,666	191,292,830	1,023,239,048	139,973,164	–27,254,529

Special areas and highways agreement

Loans have been made to finance the development of community and industrial infrastructure projects for special areas, and for highway development, pursuant to terms and conditions of agreements between Canada and the provinces, with the approval of the Governor in Council.

The loans bear interest at rates from 5.768% to 10.164% per annum, and are repayable in equal annual instalments over the next 20 years, with final instalments between April 1, 1990 and March 31, 2009.

Federal-provincial employment loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.51% to 7.44% per annum, and are repayable either in annual instalments over 10 to 20 years, or at maturity, with final repayments between October 30, 1993 and November 30, 1994.

Federal-provincial fiscal arrangements

These amounts represent overpayments in respect of provincial equalization entitlements under the Constitution Acts 1867 to 1982, the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, and other statutory authority. These overpayments are non-interest bearing and are recovered in the subsequent year.

Municipal Development and Loan Board

Loans have been made, to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25% to 5.625% per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years, with final instalments between May 1, 1990 and March 31, 2016.

Special development loans program

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 6.12% to 7.54% per annum, and are repayable either in annual or semi-annual instalments over 10 to 20 years, or at maturity, with final repayments between March 1, 1991 and March 30, 1993.

Winter capital projects fund

Loans have been made, to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.2% to 9.84% per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity, with final repayments between April 1, 1990 and February 28, 1999.

Atlantic Development Board carry-over projects

Loans have been made to finance certain water projects that were carried over from the Atlantic Development Board. Loans were made pursuant to terms and conditions of agreements between Canada and the provinces in the Atlantic region, with the approval of the Governor in Council.

The loans bear interest at rates from 7.5% to 8.5% per annum, and are repayable over 11 to 18 years at various anniversary amortization dates, with final instalments between July 31, 1999 and April 1, 2006.

Atlantic Provinces Power Development Act

Loans have been made to the Atlantic provinces, to assist in the generation of electrical energy by steam driven generators in the provinces, and in the control and transmission of electric energy.

The loans bear interest at rates from 4.5% to 8.5% per annum, and are repayable in equal annual instalments over 3 to 25 years, with final instalments between March 31, 1992 and March 31, 2014.

Regional electrical interconnections

Loans have been made to assist in financing regional electrical interconnections, under agreements between the Government of Canada and the Provinces of Manitoba, New Brunswick and Nova Scotia.

During the year, additional loans were authorized by Energy, Mines and Resources Vote L20, Appropriation Acts No 1 and No 3, 1989-90.

The loans bear interest at rates from 9% to 10% per annum, and are repayable in annual instalments over 29 to 31 years, with final instalments between March 31, 2008 and March 31, 2011.

Comprehensive development plan agreement

Loans have been made to the Province of Prince Edward Island, to assist in financing the realization of a comprehensive and co-ordinated development plan of the province, pursuant to an agreement with the province, whose territory has been designated a "special rural development area".

The loans bear interest at rates from 6.688% to 9.375% per annum, and are repayable in equal instalments due at various anniversary dates.

Agricultural service centres

Loans have been made to provincial and municipal authorities, to assist in the construction or expansion of water supply and waste disposal facilities in key agriculture service centres, which are essential to rural adjustment and urban development in the agricultural portion of the Prairie region.

The loans bear interest at rates from 6.747% to 14.129% per annum, and are repayable in equal annual instalments over 20 years, with final instalments between March 31, 1992 and March 31, 2004.

Government of the Northwest Territories

Loans have been made to the Government of the Northwest Territories, for the following purposes:

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
Second mortgage . . .	106,555	13,018		93,537
Low cost housing . . .	128,750	27,749		101,001
	235,305	40,767		194,538

The loans bear interest at rates from 5.375% to 8.875% per annum, and are repayable in equal annual instalments over 20 to 25 years, with final instalments between April 1, 1990 and August 27, 1996.

Government of the Yukon Territory

Loans have been made to the Government of the Yukon Territory, for the following purposes:

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
Second mortgage . . .	70,855	13,726		57,129
Low cost housing . . .	283,011	46,934		236,077
Capital expenditures	728,707	58,935		669,772
Outside parties— Capital projects . .	4,660,116	622,734		4,037,382
	5,742,689	742,329		5,000,360

The loans bear interest at rates from 5.375% to 12.5% per annum, and are repayable in equal annual instalments over 10 to 35 years, with final instalments between April 1, 1990 and November 24, 2003.

Yukon Territory small business loans

Loans have been made for the establishment or expansion of small businesses in the Yukon Territory.

The total amount authorized to be outstanding at any time is \$5,000,000.

The loans bear interest at rates from 9% to 12% per annum, and were repayable in annual instalments over 10 years, with the final instalment on April 1, 1988. As of March 31, 1990, the loans have not been reimbursed in full.

During the year, loans totalling \$220,863 were written-off by Indian Affairs and Northern Development Vote 31b, Appropriation Act No 4, 1989-90.

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

Loans to national governments consist mainly of the loan to the Government of the United Kingdom under the United Kingdom Financial Agreement Act, international development assistance to developing countries, and loans for development of export trade (administered by the Export Development Corporation).

TABLE 6.13

NATIONAL GOVERNMENTS INCLUDING DEVELOPING COUNTRIES

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
					\$	\$
China—Finance	49,426,118			49,426,118		
Jamaica—						
Finance—						
Economic assistance	10,000,000	10,000,000			-10,000,000	
Deferred principal	15,000,000		10,000,000	25,000,000	10,000,000	
	25,000,000	10,000,000	10,000,000	25,000,000		
United Kingdom—						
Finance—						
The United Kingdom Financial Agreement						
Act, 1946	398,815,387	29,733,948		369,081,439	-29,733,948	-29,150,928
Deferred principal	94,990,863			94,990,863		
	493,806,250	29,733,948		464,072,302	-29,733,948	-29,150,928
Developing countries—						
External Affairs—Canadian International						
Development Agency—						
International development assistance	3,048,644,965	703,590,066	23,834,780	2,368,889,679	-679,755,286	-114,782,783
Development of export trade (loans administered						
by the Export Development Corporation)—						
External Affairs	573,741,029	149,944,392	163,920,080	587,716,717	13,975,688	11,608,302
National Defence—						
North Atlantic Treaty Organization—						
Damage claims recoverable	71,253	74,061	176,747	173,939	102,686	-58,061
Total	4,190,689,615	893,342,467	197,931,607	3,495,278,755	-695,410,860	-132,383,470

China

A loan to China was authorized under the Export Credits Insurance Act.

Jamaica

Economic assistance

A loan has been made to the Government of Jamaica, to provide economic assistance. The maturity date under the April 20, 1985 loan agreement was August 9, 1989. The applicable interest rate for payments due between August 9, 1985 and August 9, 1989 was 13.375% per annum.

During the year, additional loan repayments have been deferred.

Deferred principal

The loan agreement has been amended by the following Rescheduling Agreements:

- (a) the Rescheduling Agreement dated October 18, 1985, provided for the deferment of principal repayments in the amount of \$5,000,000 due on August 9, 1985;

Table 6.13 presents a summary of the balances and transactions for the loans and advances that were made to national governments including developing countries.

- (b) the Rescheduling Agreement dated June 4, 1987, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1986 and August 9, 1987; and,

- (c) the Rescheduling Agreement dated July 25, 1989, provided for the deferment of principal repayments totalling \$10,000,000 due on August 9, 1988 and August 9, 1989. The repayment of the deferred principal started on June 30, 1989 and will continue until February 28, 1999.

United Kingdom

The United Kingdom Financial Agreement Act, 1946

Under authority of the United Kingdom Financial Agreement Act, a credit of \$1,250,000,000 was extended to the Government of the United Kingdom to facilitate purchases by the United Kingdom of goods and services in Canada and to assist the United Kingdom in meeting transitional post-war deficits in its current balance of payments, in maintaining adequate reserves of gold and dollars, and in assuming the obligations of

multilateral trade. The amount of the credit drawn by December 31, 1951 was to be repaid in 50 annual instalments beginning on that date, with interest at the rate of 2% per annum, with the final instalment on December 31, 2000.

Deferred principal

The agreement, as amended in 1957, provides for the deferment of interest in respect of the year 1956 and of seven instalments of principal and interest after December 31, 1956, under certain conditions. Interest for 1956, and interest and principal for 1957, 1964, 1965, 1968 and 1976 were deferred. The maturity of the deferrals is to commence December 31, 2001, and continue until December 31, 2006.

Developing countries—International development assistance

Loan assistance has been made to developing countries for international development assistance. Since April 1, 1986, loans under negotiated loan agreements in existence at March 31, 1986 were made under various budgetary authorities (including

External Affairs Votes 30, 30b and 30c, Appropriation Acts No 1, No 3, No 4 and No 5, 1989-90). Previous to this date, all loans to developing countries were paid under non-budgetary authority.

During the year, loans totalling \$647,764,022 were forgiven pursuant to the Forgiveness of Debts (sub-Saharan Africa) Act.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments. The closing balance of loans to individual countries includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments to all countries are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.13 as international development assistance to developing countries.

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
(a) 17 year term, 7 year grace period, non-interest bearing, with the final repayment in September 2002: Senegal ^[1]	999,070	999,070		
(b) 20 year term, 5 year grace period, 5% interest per annum, with final repayments between September 2000 and March 2001: Jamaica	4,499,073			4,499,073
Turkey	22,011,212	1,031,957		20,979,255
	26,510,285	1,031,957		25,478,328
(c) 25 year term, 5 year grace period, 6% interest per annum, with the final repayment in March 1995: Nigeria ^[1]	623,789	623,789		
(d) 30 year term, 7 year grace period, 3% interest per annum, with final repayments between September 1996 and January 2012: Barbados	16,025,442	484,918		15,540,524
Brazil	11,445,636	552,296		10,893,340
Chile	1,737,265	182,869		1,554,396
Colombia	16,529,728	1,000,000		15,529,728
Cuba	9,547,012			9,547,012
Dominican Republic	2,200,001			2,200,001
Egypt	47,826,088			47,826,088
Jamaica	32,665,520			32,665,520
Korea	369,285	43,446		325,839
Malaysia	9,506,845	714,426		8,792,419
Nigeria ^[1]	621,679	621,679		
Peru	337,617			337,617
Salvador, El	8,253,948	402,631		7,851,317
Trinidad	4,548,731	301,205		4,247,526
Turkey	6,693,478	279,347		6,414,131
	168,308,275	4,582,817		163,725,458
(e) 35 year term, 5 year grace period, non-interest bearing, with final repayments between April 2001 and November 2005: Salvador, El	2,444,934	85,960		2,358,974
(f) 40 year term, 10 year grace period, non-interest bearing, with the final repayment in March 2007: Thailand	611,654	50,000		561,654

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
(g) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria	14,983,402	211,428		14,771,974
Antigua	5,324,977	224,976		5,100,001
Argentina	532,000	18,667		513,333
Barbados	7,948,529	30,750		7,917,779
Belize	11,085,640	304,524		10,781,116
Bolivia	1,399,037	42,395		1,356,642
Brazil	637,879	20,913		616,966
Burma	8,306,202			8,306,202
Cameroun ⁽¹⁾	143,284,651	143,284,651		
Chile	2,862,418	98,062		2,764,356
Colombia	18,089,433	564,649		17,524,784
Congo-Brazzaville ⁽¹⁾	22,598,238	22,598,238		
Costa Rica	23,118,847			23,118,847
Dominica	1,703,712	65,799		1,637,913
Dominican Republic	8,253,303	182,848		8,070,455
Ecuador	9,988,645	304,914		9,683,731
Egypt	57,599,945			57,599,945
Gabon ⁽¹⁾	7,614,186	7,614,186		
Ghana ⁽¹⁾	77,579,081	77,579,081		
Grenada	765,020	21,270		743,750
Guatemala	3,843,873	56,250		3,787,623
Guyana	37,205,028			37,205,028
Honduras	33,015,261			33,015,261
India	686,552,489	6,139,439		680,413,050
Indonesia	271,882,315	3,887,748		267,994,567
Ivory Coast ⁽¹⁾	79,959,686	79,959,686		
Jamaica	56,213,535			56,213,535
Kenya ⁽¹⁾	108,794,891	108,794,891		
Madagascar ⁽¹⁾	22,958,010	22,958,010		
Malaysia	2,413,377	9,907		2,403,470
Malta	887,490	25,000		862,490
Mexico	78,984	2,772		76,212
Montserrat	640,689	17,232		623,457
Morocco	14,720,667	29,468		14,691,199
Nicaragua	18,357,040			18,357,040
Nigeria ⁽¹⁾	41,124,218	41,124,218		
Pakistan	584,466,701	7,199,391		577,267,310
Paraguay	559,892	19,996		539,896
Peru	22,531,736	1,864		22,529,872
Philippines	3,837,789			3,837,789
Salvador, El	1,185,000	14,990		1,170,010
St Lucia	466,520	13,871		452,649
St Vincent	996,312	14,312		982,000
Senegal ⁽¹⁾	14,093,784	14,093,784		
Sri Lanka	163,522,270	2,965,399		160,556,871
Swaziland ⁽¹⁾	1,369,960	1,369,960		
Thailand	33,397,833	522,093		32,875,740
Trinidad	3,090,301	114,236		2,976,065
Tunisia	117,000,850	3,112,047		113,888,803
Various francophone countries ⁽¹⁾⁽²⁾	1,677,258	1,677,258		
Zaire ⁽¹⁾	31,298,397	31,298,397		
Zambia ⁽¹⁾	86,188,539	86,188,539		
Zimbabwe ⁽¹⁾	30,813,364	30,813,364		
	2,898,819,204	695,591,473		2,203,227,731
(h) 53 year term, 13 year grace period, non-interest bearing, with the final repayment in September 2025:				
Algeria	42,958,105	625,000		42,333,105
(i) 55 year term, 15 year grace period, non-interest bearing, with the final repayment in September 2036:				
Egypt	9,243,531			9,243,531
	3,150,518,847	703,590,066		2,446,928,781
Less: payments made under budgetary authority	101,873,882		23,834,780	78,039,102
	3,048,644,965	703,590,066	23,834,780	2,368,889,679

Note: Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

⁽¹⁾ The forgiveness of Debts (sub-Saharan Africa) Act authorized the forgiveness of official development assistance debts of this country.

⁽²⁾ Joint project involving Mali and Senegal.

Similar assistance has been provided to developing countries by way of subscriptions to the capital of the International Development Association and loans to other international financial institutions. These are reported later in this section under the heading "International organizations".

Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans to foreign customers where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to national governments, together with their terms and conditions of repayments. The closing balance of loans to national governments includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.13.

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
(a) 1 to 5 year term, 8.75% to 10% (libor) interest per annum, with final repayment in December 1997:				
Poland	69,505,334	1,800,453		67,704,881
Peru		1,554,485	2,590,809	1,036,324
	69,505,334	3,354,938	2,590,809	68,741,205
(b) 6 to 10 year term, 7% to 14.5% (set prime) interest per annum, with final repayment in February 2000:				
Argentina	129,450,000			129,450,000
Brazil	10,925,734	186,879	2,719,307	13,458,162
Chile	3,810,327	466,842		3,343,485
Ecuador	9,304,705	242,357	4,778,000	13,840,348
Ethiopia	12,000,631	3,178,187		8,822,444
Ghana	6,407,139	1,666,329		4,740,810
Kenya	178,500	3,443		175,057
Tanzania	33,200,744	640,350		32,560,394
Turkey	49,663,104	16,169,608	1,704,631	35,198,127
Zambia	8,681,277			8,681,277
	263,622,161	22,553,995	9,201,938	250,270,104
(c) 11 to 15 year term, 0% to 11% interest per annum, with final repayment in June 2012:				
Korea	140,086,379	16,666,667		123,419,712
Madagascar	19,258,875	371,450		18,887,425
Sudan	7,751,250	149,500		7,601,750
Thailand	23,601,985	194,693	12,564,595	35,971,887
Turkey	263	5		258
	190,698,752	17,382,315	12,564,595	185,881,032
(d) 16 to 20 year term, 0% interest per annum with final repayment in August 2014:				
Indonesia		34,328	5,737,608	5,703,280
(e) 21 to 25 year term, 3% to 12.5% (libor) interest per annum, with final repayment in April 2018:				
Algeria	2,086,278		5,577,539	7,663,817
Congo	3,418,183	65,928		3,352,255
Congo	33,454,438	645,242		32,809,196
Mexico	38,958,899	711,170	5,577,539	43,825,268
(f) 31 to 40 year term, 0% to 11.75% interest per annum, with final repayment in February 2044:				
Cameroon	8,259,007	1,120,502	6,737,645	13,876,150
China	8,023,867	547,556	18,423,681	25,899,992
Egypt	6,453,409	44,247	10,192,086	16,601,248
India	6,072,517	274,637	12,863,653	18,661,533
Jamaica	19,838,954	2,012,814	15,374,411	33,200,551
Morocco	28,900,194	692,477	63,115,161	91,322,878
Pakistan	4,123,642	90,295	1,540,954	5,574,301
	81,671,590	4,782,528	128,247,591	205,136,653
	644,456,736	48,819,274	163,920,080	759,557,542
Less: payments made under budgetary authority	70,715,707	101,125,118		171,840,825
	573,741,029	149,944,392	163,920,080	587,716,717

During the year, receipts and other credits included loan repayments of \$40,559,619, a valuation adjustment of \$8,259,655 in respect of loans totalling \$381,258,614 US and \$11,453,221 ECU (European Currency Unit), while payments and other charges included loans and guarantees of \$163,920,080. Interest of \$34.4 million was received and credited to non-tax revenue.

North Atlantic Treaty Organization—Damage claims recoverable

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

INTERNATIONAL ORGANIZATIONS

This group records Canada's subscriptions to the capital of the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development (i.e. World Bank), the International Development Association and the International Finance Corporation. It also includes loans and advances to other international organizations.

Capital subscriptions are made in part by the issuance of non-interest bearing, non-negotiable demand notes. The amounts advanced or loaned vary according to the needs of the organizations concerned, and the terms of the agreements.

The net position of the Government vis-à-vis the international organizations has been obtained by deducting from subscriptions, loans and advances, the non-interest bearing notes issued by Canada to these organizations. These notes, payable on demand, represent that portion of the investment by Canada in these organizations which has not yet been encashed by them. These notes are encashed subject to the financial requirements of these organizations.

Since April 1, 1986, note encashments, and cash subscriptions/loans to international financial institutions are now made under budgetary authority. However, subscriptions/loans made by the issuance of non-interest bearing notes continue to be under non-budgetary authority.

Table 6.14 presents a summary of the balances and transactions for the subscriptions, loans and advances to international organizations. The closing balance of loans/subscriptions to international financial institutions includes, where applicable, total loans/subscriptions made under both budgetary and non-budgetary authorities. The total budgetary payments to all international financial institutions are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the total amount reported in Table 6.1 as International organizations (net). In addition, Table 6.15 presents additional disclosure of information related to subscriptions to the capital of international development institutions, as well as future commitments and contingent liabilities related to international development assistance as disclosed in Note 10 to the audited financial statements of the Government of Canada in Section 2 of this volume.

TABLE 6.14

INTERNATIONAL ORGANIZATIONS

	April 1/1989	Receipts and other credits	Payments and other charges	Net increase or decrease (—)		
	\$	\$	\$	March 31/1990	1990	1989
				\$	\$	\$
Canada's subscriptions to the capital of the—						
African Development Bank	70,634,447	387,601	6,080,004	76,326,850	5,692,403	5,827,178
Less: notes payable	100,827	6,080,004	5,984,751	196,080	95,253	10,640
	70,533,620	6,467,605	12,064,755	76,130,770	5,597,150	5,816,538
Asian Development Bank	162,266,184	2,904,693		159,361,491	-2,904,693	-8,537,363
Less: notes payable	15,081,505		3,770,376	11,311,129	-3,770,376	-3,770,376
	147,184,679	2,904,693	3,770,376	148,050,362	865,683	-4,766,987
Caribbean Development Bank	12,593,295	219,887		12,373,408	-219,887	-405,357
Less: notes payable	835,108		357,788	477,320	-357,788	-1,068,312
	11,758,187	219,887	357,788	11,896,088	137,901	662,955
Inter-American Development Bank	143,753,578	2,795,705	2,596,000	143,553,873	-199,705	-5,111,238
Less: notes payable	18,644,206	2,596,000	7,005,152	14,235,054	-4,409,152	-11,481,741
	125,109,372	5,391,705	9,601,152	129,318,819	4,209,447	6,370,503
International Bank for Reconstruction and Development (World Bank)	296,595,562	3,463,694	19,583,886	312,715,754	16,120,192	5,517,928
Less: notes payable	16,115,858		16,115,858		-16,115,858	
	280,479,704	3,463,694	35,699,744	312,715,754	32,236,050	5,517,928
International Development Association	3,054,688,061		200,560,000	3,255,248,061 ⁽¹⁾	200,560,000	232,400,000
Less: notes payable	896,152,700	200,560,000	336,000,000	760,712,700	-135,440,000	-53,914,000
	2,158,535,361	200,560,000	536,560,000	2,494,535,361	336,000,000	286,314,000

TABLE 6.14

INTERNATIONAL ORGANIZATIONS—Concluded

	April 1/1989	Receipts and other credits	Payments and other charges	Net increase or decrease (—)		
				March 31/1990	1990	1989
	\$	\$	\$	\$	\$	\$
International Finance Corporation	48,996,247	973,640	5,746,325	53,768,932	4,772,685	4,438,585
Multilateral Investment Guarantee						
Agency	7,651,390	147,574		7,503,816	-147,574	7,651,390
Less: notes payable	3,863,230		111,322	3,751,908	-111,322	3,863,230
	3,788,160	147,574		3,751,908	-36,252	3,788,160
	2,846,385,330	220,128,798	603,911,462	3,230,167,994	383,782,664	308,141,682
International financial institutions	1,916,308,788	7,010,739	246,353,870	2,155,651,919 ⁽¹⁾	239,343,131	236,511,585
Less: notes payable	955,733,860	243,944,283	108,464,066	1,091,214,077	135,480,217	99,539,816
	960,574,928	250,955,022	354,817,936	1,064,437,842	103,862,914	136,971,769
Common Fund for Commodities			1,604,954	1,604,954	1,604,954	
International Tin Council	4,484,953	192,339		4,292,614	-192,339	-15,047
International Natural Rubber Agree- ment	7,514,407	7,514,407			-7,514,407	-1,704,010
International Monetary Fund— Enhanced Structural Adjustment Facility	13,981,949		34,312,354	48,294,303	34,312,354	13,981,949
International organizations and associations—						
Berne Union of the World Intellectual Prop- erty Organization	15,676			15,676		
Customs Co-operation Council	6,309			6,309		
Food and Agriculture Organiza- tion	854,605			854,605		241,183
General Agreement on Tariffs and Trade	14,508			14,508		
Intergovernmental Maritime Consultative Organization	1,617			1,617		
International Atomic Energy Agency	65,656			65,656		
International Civil Aviation Organization	71,419			71,419		
International Labour Organization	68,666			68,666		
Paris Union of the World Intellectual Prop- erty Organization	58,927			58,927		
United Nations Educational, Scientific and Cultural Organization	683,459			683,459		
United Nations Industrial Development Organization	362,976			362,976		
United Nations organizations	3,546,774		35,440	3,582,214	35,440	
World Health Organization	163,357			163,357		
	5,913,949		35,440	5,949,389	35,440	241,183
Total	3,838,855,516	478,790,566	994,682,146	4,354,747,096	515,891,580	457,617,526
Less: payments made under budgetary authority	1,124,799,774	446,873,653	579,475	1,571,093,952	446,294,178	434,067,096
	2,714,055,742	925,664,219	995,261,621	2,783,653,144	69,597,402	23,550,430
Summary—						
International organizations	5,745,382,810	25,610,279	516,872,833	6,236,645,364	491,262,554	490,796,783
Less: payments made under budgetary authority	1,124,799,774	446,873,653	579,475	1,571,093,952	446,294,178	434,067,096
	4,620,583,036	472,483,932	517,452,308	4,665,551,412	44,968,376	56,729,687
Less: notes payable	1,906,527,294	453,180,287	477,809,313	1,881,898,268	-24,629,026	33,179,257
Total	2,714,055,742	925,664,219	995,261,621	2,783,653,144	69,597,402	23,550,430

⁽¹⁾ The subscriptions to the Association and the loans to the international financial institutions are used to lend funds to developing countries at rates favourable to the borrowers. In addition, as described earlier in this section, under the heading "National governments including developing countries", international development assistance has also been provided to developing countries.

TABLE 6.15

INTERNATIONAL DEVELOPMENT ASSISTANCE—
SUBSCRIPTIONS, CONTINGENT LIABILITIES AND COMMITMENTS

	Share subscriptions		Paid-in shares purchased		Estimated value of callable shares ⁽²⁾	Other commitments	Contingent liabilities	Parliamentary authority available for use in subsequent years				
			Cost					Number of shares	Estimated value			
	Paid-in	Callable	Number of shares	Foreign currencies						Canadian currency ⁽¹⁾		
											millions	\$millions
African Development Bank	4,200	12,600	4,200		59 ⁽³⁾	176 ⁽⁴⁾		12,600	181 ⁽⁵⁾			
	2,100	31,500	1,260	\$15US	18	456		32,340	468 ⁽⁵⁾			
African Development Fund							88					
Asian Development Bank	8,740	36,403	8,740	\$105US	123	514		36,403	514 ⁽⁵⁾			
	2,370	45,030	2,370	24SDR	36	685		⁽⁹⁾				
Asian Development Fund							93					
Caribbean Development Bank	1,585	5,355	1,585	\$10US	11 ⁽⁶⁾	34		5,355	38 ⁽⁵⁾			
Caribbean Special Development Fund							10					
Undisbursed loans to national governments including developing countries							533					
Inter-American Development Bank	9,982	115,220	9,982	\$121US	144	2,948		63,692	876 ⁽⁵⁾			
International Bank for Reconstruction and Development (World Bank)			⁽⁷⁾	⁽⁷⁾	314	4,115 ⁽⁸⁾	83	1,787	2,799 ⁽⁹⁾			
International Development Association	⁽¹⁰⁾	⁽¹⁰⁾	219,916	⁽¹⁰⁾	3,255		869	⁽⁹⁾	⁽⁹⁾			
International Finance Corporation	45,976	⁽¹¹⁾	46,226 ⁽¹⁰⁾	\$46US	56			⁽⁹⁾	⁽⁹⁾			
International Monetary Fund—Loans							2,016 ⁽¹²⁾		502 ⁽⁹⁾			
Multilateral Investment Guarantee Agency			2,965	\$6US	8				4 ⁽⁹⁾			

⁽¹⁾ Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1990 (\$1US = \$1.1695 Cdn; 1SDR = \$1.521317 Cdn).

⁽²⁾ Commitments to the institutions will require future "Maintenance of value" payments.

According to the Articles of Agreement of the World Bank, countries are obliged to maintain the value of certain portions of their paid-in capital subscriptions and contributions. The World Bank has not had a workable standard of value since 1978 when the formal link between the US dollar and gold was broken. The World Bank agreed not to seek payment of these obligations pending the establishment of a new standard of value for the Bank. Maintenance of value obligations do not exist for International Development Association contributions. In October 1986, the Executive Board agreed upon the "1974 SDR" as a successor standard of value. The 1974 SDR is a fixed US dollar equivalent of the value of the SDR prevailing in 1974 (\$1.20635 US = 1 SDR). Maintenance of value payments resumed July 1, 1987. It is expected that other institutions will follow this lead.

⁽³⁾ Canadian currency equivalent of 42,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

⁽⁴⁾ Canadian currency equivalent of 126,000,000 units of account. One unit = \$1.20635 US = \$1.1556 Cdn as of May 1979.

⁽⁵⁾ These amounts are reflected as non-lapsing non-budgetary authorities in the External Affairs ministerial section of Volume II, Part I (Section 9).

⁽⁶⁾ This amount excludes a maintenance of value payment of \$1,192,625.

⁽⁷⁾ Canada's subscription is for 31,543 shares. Payments are accounted for as a proportion of each share.

⁽⁸⁾ Total subscription valued at \$3,805,190,000 US. Callable value translated at \$1 US = \$1.1695 Cdn, representing approximately 91% of the total subscription.

⁽⁹⁾ Subscription and payment authorities are annual budgetary voted items presented in the Finance ministerial section of Volume II, Part I (Section 10).

⁽¹⁰⁾ There are no outstanding subscriptions other than the notes payable in Table 6.14. Accounting is based on dollar values rather than number of shares.

⁽¹¹⁾ This represents a commitment by Canada to the capital of the Corporation to be paid by 1990, rather than a "callable" amount.

⁽¹²⁾ Canada has agreed to lend the Enhanced Structural Adjustment Facility SDR 300 million and to subsidize the interest rate on the loan through a grant of approximately SDR 165 million, of which SDR 32.45 million has been paid-in. In addition, lines of credit of SDR 892.5 million have been made available to the IMF.

African Development Bank

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40, Appropriation Acts No 1 and No 3, 1989-90).

During the year, payments and other charges included additional subscriptions in non-interest bearing, non-negotiable demand notes.

Asian Development Bank

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the International

Development (Financial Institutions) Assistance Act, and various appropriation acts.

During the year, there were no additional subscriptions made.

Caribbean Development Bank

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts.

During the year, there were no additional subscriptions made.

Inter-American Development Bank

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Vote L40c, Appropriation Act No 5, 1989-90).

During the year, payment and other charges included additional subscriptions in non-interest bearing, non-negotiable notes.

International Bank for Reconstruction and Development (World Bank)

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (IBRD), as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L5, Appropriation Acts No 1 and No 3, 1989-90).

During the year, payments and other charges included additional subscriptions in cash.

International Development Association

This account records Canada's subscriptions to the capital of the International Development Association, as authorized by the Bretton Woods and Related Agreements Act, and various appropriation acts (including Finance Vote L10, Appropriation Acts No 1 and No 3, 1989-90). The subscriptions to the Association, which is part of the World Bank Groups, are used to lend funds to developing countries for development purposes, at rates highly favourable to the borrower (no interest, with a 50 year maturity and 10 years of grace).

During the year, payments and other charges included additional subscriptions in the form of non-interest bearing, non-negotiable demand notes.

International Finance Corporation

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Groups, as authorized by various appropriation acts (including Finance Vote L5, Appropriation Acts No 1 and No 3, 1989-90).

During the year, payments and other charges included additional subscriptions in cash.

Multilateral Investment Guarantee Agency

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

International financial institutions

This account records loans for assistance to international financial institutions, as authorized by the International Development (Financial Institutions) Assistance Act, and various appropriation acts (including External Affairs Votes L35 and L35c, Appropriation Acts No 1, No 3 and No 5, 1989-90).

The balances and transactions for loans to various international financial institutions are as follows:

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
African Development Bank	3 968,896	125,000		3,843,896
African Development Fund	574,457,511	1,724,998	123,333,333	696,065,846
Less: notes payable	322,704,812	123,333,333	15,411,479	430,626,666
	251,752,699	125,058,331	138,744,812	265,439,180
Andean Development Corporation	4,375,040	124,994		4,250,046
Asian Development Bank—Special	27,027,000			27,027,000
Asian Development Fund	857,206,975		102,130,312	959,337,287
Less: notes payable	540,402,097	102,130,312	73,433,607	569,098,802
	316,804,878	102,130,312	175,563,919	390,238,485
Caribbean Development Bank— Agricultural Development Fund	8,600,000			8,600,000
Caribbean Development Bank— Commonwealth Caribbean Regional	4,770,000	92,000		4,678,000
Caribbean Development Bank—Special	62,649,337	288,650	4,980,638	67,341,325
Less: notes payable	19,669,446	4,980,638	2,701,453	21,948,631
	42,979,891	5,269,288	7,682,091	45,392,694
Central American Bank for Economic Integration	2,180,279	76,500		2,103,779
Inter-American Development Bank—Fund for Special Operations	270,918,524	3,866,300	2,409,587	269,461,811
Less: notes payable	41,647,026		8,889,227	32,757,799
	229,271,498	3,866,300	11,298,814	236,704,012
International Bank for Reconstruction and Development	23,850,000	460,000		23,390,000
International Fund for Agriculture Development	63,224,179		13,500,000	76,724,179
Less: notes payable	31,310,479	13,500,000	8,028,300	36,782,179
	31,913,700	13,500,000	21,528,300	39,942,000
International Monetary Fund	13,081,047	252,297		12,828,750
	960,574,928	250,955,022	354,817,936	1,064,437,842

Common Fund for Commodities

This account was established by External Affairs Vote L47b. Appropriation Act No 3, 1980-81, to make payments and issue guarantees and promissory notes in the current and subsequent fiscal years to purchase shares in the first account of the Common Fund for Commodities in accordance with the terms and conditions of the agreement establishing the Common Fund of Commodities.

Payments, guarantees and promissory notes shall not exceed \$10,380,000 US.

International Tin Council

This account records Canada's subscriptions to the International Tin Council, as authorized by previous appropriation acts. The subscriptions are for the investment in the buffer stock previously established and carried forward under the Sixth International Tin Agreement.

International Natural Rubber Agreement

This account records Canada's contributions to the financing of the natural rubber buffer stock, as authorized by previous appropriation acts.

International Monetary Fund—Enhanced Structural Adjustment Facility

This account records the loan to the International Monetary Fund in order to provide assistance to debt distressed, low-income countries as authorized by an Act to amend the Bretton Woods and Related Agreements Act.

During the year, payments and other charges included a loan in cash.

International organizations and associations

These items represent the historical value of payments made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a

member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

VETERANS' LAND ACT FUND ADVANCES

Advances have been made, under Parts I and III of the Veterans' Land Act, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605,000,000.

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978-79. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to budgetary expenditure and credited to the allowance for conditional benefits account. The allowance for conditional benefits account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the Veterans' Land Act. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

During the year, loans totalling \$11,398 were written-off by Veterans Affairs Votes 2b and 3c, Appropriation Acts No 4 and No 5, 1989-90.

Table 6.16 summarizes the balances and transactions for advances to the Veterans' Land Act Fund.

TABLE 6.16

VETERANS' LAND ACT FUND

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
	\$	\$	\$	\$	1990	1989
Veterans' Land Act Fund—						
Advances	91,545,266	16,889,355	11,485	74,667,396	—16,877,870	—20,200,533
Less: allowance for conditional benefits	464,661		8,400	456,261	—8,400	—16,800
Total	91,080,605	16,889,355	19,885	74,211,135	—16,869,470	—20,183,733

JOINT AND MIXED ENTERPRISES

Joint and mixed enterprises are entities with share capital owned jointly by the Government and other governments and/or organizations to further common objectives. This group records and/or reports the Government's loans, investments and advances to such entities. Additional information on these entities is provided in Volume III of the Public Accounts.

Under the terms of Section 147 of the Bankruptcy Act, the Superintendent of Bankruptcy has received shares in a number

of corporations in lieu of a cash levy payable to the Crown. The Government's purpose in sharing ownership in these corporations with other entities is not to further common operating objectives.

Table 6.17 presents a summary of the balances and transactions for the various types of loans, investments and advances to joint and mixed enterprises.

TABLE 6.17

JOINT AND MIXED ENTERPRISES

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
Air Canada—Finance—						
(Privatization and Regulatory Affairs)—						
Capital stock	329,009,000	329,009,000			-329,009,000	
Consolidated loan	129,922,699	25,388,563		104,534,136	-25,388,563	-23,645,003
	458,931,699	354,397,563		104,534,136	-354,397,563	-23,645,003
Canarctic Shipping Company Limited—						
Transport						
Cooperative Energy Corporation—Energy,						
Mines and Resources						
	57,804,000			57,804,000		
Lower Churchill Development Corporation						
Limited—Energy, Mines and Resources						
	14,750,000			14,750,000		
National Sea Products Ltd—Finance—						
(Privatization and Regulatory Affairs)—						
Capital stock	59,540,000			59,540,000		
Loans ⁽¹⁾	117,415	11,956		105,459	-11,956	-10,984
	59,657,415	11,956		59,645,459	-11,956	-10,984
Newfoundland and Labrador Development Cor-						
poration Limited—Atlantic Canada						
Opportunities Agency—						
Capital stock	200	200			-200	
Loans	7,583,712	7,583,712			-7,583,712	-13,416,288
	7,583,912	7,583,912			-7,583,912	-13,416,288
North Portage Development Corporation—						
Western Economic Diversifi-						
cation						
NPM Nuclear Project Managers Canada Inc—						
Energy, Mines and Resources						
Société Inter-Port de Québec—Industry,						
Science and Technology—						
	400			400		
Telesat Canada—Communications	30,000,000			30,000,000		
Total	628,727,426	361,993,431		266,733,995	-361,993,431	-37,072,275

⁽¹⁾ This account was previously reported in Table 6.18 as Bugeo Leasing Limited.

Air Canada

The Corporation was established by the Air Canada Act, and continued under the Canada Business Corporations Act, to provide scheduled domestic and international air services to North America, the British Isles, continental Europe and the Caribbean.

Capital stock

The Air Canada Public Participation Act, which came into force on August 18, 1988, authorized the Government to dispose of its shares in the Corporation. It also authorized the Corporation to issue shares to the public. On October 13, 1988, the

Corporation issued common shares to the public and at that time, ceased to be a Crown corporation.

The Government's investment in the capital of the Corporation was sold on July 19, 1989 to the public with proceeds from the sale being credited to this account and to non-tax revenue.

Consolidated loan

The loan bears interest at the rate of 7.243% per annum, and is repayable in semi-annual instalments over 15 years, with the final instalment on April 13, 1993.

Canarctic Shipping Company Limited

The Corporation was incorporated under the Canada Corporations Act, and continued under the Canada Business Corporations Act, to acquire, sell, lease, charter and otherwise deal in and with ships of every description, and to do all other things necessary or incidental thereto.

In 1977-78, 305,996 common shares of Canarctic Shipping Company Limited having a total value of \$305,996, and representing 51% of the common shares outstanding, were purchased and charged to budgetary expenditure (Transport Vote 10—Marine operating expenditures). The balance of outstanding shares is owned by North Water Navigation Ltd.

Cooperative Energy Corporation

The Corporation was incorporated under the Cooperative Energy Act, to operate an energy corporation whose primary activity is to explore and develop new Canadian oil and gas resources. The Corporation is a holding company whose shareholders are the participating co-operatives and the Government of Canada. The objective of the Government's participation is to bring together a number of co-operative financial, agricultural, service and marketing institutions to participate in the Canadian oil and gas industry.

The Minister of Energy, Mines and Resources may subscribe for, acquire and hold shares and equity debentures of the Corporation for the Government of Canada.

The Government's investment in the capital of the Corporation, as authorized by the Cooperative Energy Act, is recorded in this account.

As of March 31, 1990, the Government's investment was made up of 578,040 class B shares with a value of \$57,804,000.

The Government's holding of shares represents 25% ownership of the Corporation.

Lower Churchill Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to establish a basis for the development of all or part of the hydroelectric potential of the Lower Churchill basin and the transmission of this energy to markets.

This account records the Government's investment in the capital of the Corporation. In respect of Canada's participation with the Government of Newfoundland in the development of the hydroelectric power potential of the Lower Churchill River in Labrador, the Government is authorized to purchase approximately 49% of the shares of the Lower Churchill Development Corporation Limited.

The Government has purchased 1,475 class A shares, representing 49% of the shares outstanding. The balance of the outstanding shares is owned by Newfoundland and Labrador Hydro (an agent of the Government of Newfoundland and Labrador).

National Sea Products Ltd

The Corporation was incorporated under the Nova Scotia Companies Act, to process and market fish, seafoods and fish by-products. The objective of the Government's participation is to restructure the Nova Scotia fishery.

Capital stock

Pursuant to the Atlantic Fisheries Restructuring Act, the Government has acquired shares in the Corporation. The Government's holding consists of 1,552,976 no par value common shares and 1,552,976 no par value non-voting equity shares. This represents 19.6% of the shares outstanding.

Loans

Loans have been made to National Sea Products Ltd (formerly Burgeo Leasing Limited), for the construction of an extension to the wharf at Burgeo, Newfoundland. The total loan authority is \$240,000.

The loans bear interest based on the composite rate of 7.147% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on September 1, 1996.

Newfoundland and Labrador Development Corporation Limited

The Corporation was incorporated under the Companies Act of Newfoundland, to assist small and medium-sized businesses in Newfoundland and Labrador through loan and equity financing, management advisory services, and other related services.

Capital stock

The Government has purchased 200 ordinary \$1 par value common shares of Newfoundland and Labrador Development Corporation Limited, in accordance with an agreement between Canada and Newfoundland pursuant to Section 5(3)(c) of the Special Areas Act. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Newfoundland and Labrador. On March 29, 1989, an agreement was reached between Canada and Newfoundland whereby the Newfoundland Government would purchase Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. During the year, the capital stock was purchased by the Newfoundland Government.

Loans

Loans have been made to provide financing and other services to small and medium-sized businesses in Newfoundland.

The portfolio of loans in this account has been transferred to the Government of Canada in settlement of its liability, and these loans now appear under "Loans to enterprises in Newfoundland and Labrador" in Table 6.18.

North Portage Development Corporation

The Corporation was incorporated under the Manitoba Corporations Act, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3% of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada.

NPM Nuclear Project Managers Canada Inc

The Corporation was incorporated under the Canada Business Corporations Act, to manage nuclear projects and construction. The objective of the Government's participation is to transfer this activity from Atomic Energy of Canada Ltd to the private sector.

The Government has purchased 60 no par value common shares.

The Government's holding of shares represents 13.34% of the shares outstanding. The balance of the outstanding shares is owned by four private sector corporations.

Société Inter-Port de Québec

The Corporation was incorporated by a Special Act of the Government of Quebec, to develop and implement plans and programs for an industrial complex, using the infrastructure of the Quebec harbour, and contributing to the development of that same infrastructure.

The Government has purchased 400 common shares of the Corporation at \$1 per share. This represents 40% of the authorized shares. The balance of the outstanding shares is owned by the Government of Quebec.

Telesat Canada

The Corporation was incorporated by the Telesat Canada Act, to establish multi-purpose satellite telecommunication systems.

The Government has purchased 3,000,000 common shares of the Corporation at \$10 per share, for \$30,000,000. This investment represents 49.99% of the common shares outstanding.

MISCELLANEOUS

This group records loans, investments and advances not classified elsewhere.

Table 6.18 presents a summary of the balances and transactions for the various types of miscellaneous loans, investments and advances.

TABLE 6.18

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
					\$	\$
Loans and accountable advances—						
External Affairs—						
Missions abroad	8,105,061	689,151,570	689,822,795	8,776,286	671,225	-215,776
Personnel posted abroad	11,566,603	11,730,154	11,701,471	11,537,920	-28,683	1,712,098
	<i>19,671,664</i>	<i>700,881,724</i>	<i>701,524,266</i>	<i>20,314,206</i>	<i>642,542</i>	<i>1,496,322</i>
Industry, Science and Technology—						
Personnel posted in Canada	1,563			1,563		
National Defence—						
Imprest accounts, standing advances and authorized loans	30,709,894	567,121,890	571,193,585	34,781,589	4,071,695	1,812,360
Supply and Services—						
Miscellaneous accountable advances	6,129,056	6,129,915	8,191,982	8,191,123	2,062,067	-560,931
Miscellaneous accountable imprest and standing advances	5,969,867	1,019,991	1,501,522	6,451,398	481,531	305,162
	<i>12,098,923</i>	<i>7,149,906</i>	<i>9,693,504</i>	<i>14,642,521</i>	<i>2,543,598</i>	<i>-255,769</i>
Total loans and accountable advances	62,482,044	1,275,153,520	1,282,411,355	69,739,879	7,257,835	3,052,913
Other miscellaneous—						
Agriculture—						
Construction of multi-purpose exhibition buildings	19,102,598	769,635		18,332,963	-769,635	-954,736
Atlantic Canada Opportunities Agency—						
Loans to assist industry in the Cape Breton area	1,943,720		1,797,096	3,740,816	1,797,096	1,943,720
Loans to enterprises in Newfoundland and Labrador		945,085	7,583,712	6,638,627	6,638,627	
	<i>1,943,720</i>	<i>945,085</i>	<i>9,380,808</i>	<i>10,379,443</i>	<i>8,435,723</i>	<i>1,943,720</i>

TABLE 6.18

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—Continued

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
	\$	\$	\$	\$	1990	1989
					\$	\$
Communications—						
Cultural property	11,182	2,726		8,456	—2,726	1,182
Employment and Immigration—						
Assisted passage scheme	76,868,443	16,196,980	28,394,101	89,065,564	12,197,121	9,167,722
Energy, Mines and Resources—						
Hydro-Quebec Research Institute	10,717,430	762,120		9,955,310	—762,120	—709,800
Joint Venture—Bi-Provincial Upgrader	10,717,430	762,120	35,892,245 35,892,245	35,892,245 45,847,553	35,892,245 35,130,125	—709,800
External Affairs—						
Development of export trade (loans admin- istered by the Export Development Cor- poration)	79,597,998	8,876,613	3,189,209	73,910,594	—5,687,404	—29,075,375
Finance—						
Canadian Commercial Bank	72,936,360			72,936,360		
Ottawa Civil Service Recreational Associa- tion	207,988	28,129		179,859	—28,129	—26,754
Saint John Harbour Bridge Authority	13,556,214		398,869	13,955,083	398,869	222,645
Town of Oromocto Development Corpora- tion	61,646	31,218		30,428	—31,218	—77,390
	86,762,208	59,347	398,869	87,101,730	339,522	118,501
Fisheries and Oceans—						
Canadian producers of frozen ground- fish	304,493	41,334		263,159	—41,334	—37,624
Groundfish processors	120,423	34,698		85,725	—34,698	—64,000
Haddock fishermen	1,353,044			1,353,044		—5,000
	1,777,960	76,032		1,701,928	—76,032	—106,624
Indian Affairs and Northern Development—						
Council for Yukon Indians	8,139,684		1,206,754	9,346,438	1,206,754	1,171,595
Eskimo loan fund	2,824,244	318,021	22,874	2,529,097	—295,147	386,565
Indian economic development fund	41,594,582	16,633,850	1,482,250	26,442,982	—15,151,600	935,656
Indian housing assistance fund	2,101,506	692,133		1,409,373	—692,133	—520,018
Inuvialuit Regional Corporation	79,091,000		1,452,000	80,543,000	1,452,000	19,091,000
Native claimants	129,238,699	489,000	18,362,910	147,112,609	17,873,910	14,041,726
Yukon Energy Corporation	53,450,000	1,400,000		52,050,000	—1,400,000	—1,399,030
	316,439,715	19,533,004	22,526,788	319,433,499	2,993,784	33,707,494
Industry, Science and Technology—						
Canadair Limited	151,471	147,122		4,349	—147,122	—147,122
Canadian defence industry	2,118,851	738,287		1,380,564	—738,287	—1,094,626
Company stock option						
Industrial and regional development pro- gram	1,229,167	125,000		1,104,167	—125,000	—20,833
Manufacturing, processing and service industries in Canada	111,090,359 114,589,848			111,090,359 113,579,439		
		1,010,409			—1,010,409	—1,262,581
Labour—						
Provincial workers' compensation boards	7,588,000			7,588,000		2,080,000
National Defence—						
Canadian Forces housing projects	13,271,154	668,950		12,602,204	—668,950	—591,938
Public Works—						
Burgeos Leasing Limited ⁽¹⁾						
Sydney Steel Corporation	5,218,162			5,218,162		
Solicitor General—						
Parolees	13,477	13,368	15,037	15,146	1,669	—2,741
Supply and Services—						
Canadian Commercial Bank	15,189,000			15,189,000		
Defence production loan account	26,324,007 41,513,007			26,324,007 41,513,007		16,600,000 16,600,000

TABLE 6.18

MISCELLANEOUS LOANS, INVESTMENTS AND ADVANCES—*Concluded*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
	\$	\$	\$	\$	1990	1989
Transport—						
Corporation of the City of Montreal	291,760	94,597		197,163	-94,597	-91,731
Hamilton Harbour Commissioners	575,000	50,000		525,000	-50,000	-50,000
Northern Transportation Company Limited ..	4,000,000			4,000,000		-3,000,000
Port Alberni Harbour Commission	427,192	164,792		262,400	-164,792	-153,223
Thunder Bay Harbour Commission	45,388	45,388			-45,388	-85,982
	5,339,340	354,777		4,984,563	-354,777	-3,380,936
Veterans Affairs—						
Commonwealth War Graves						
Commission	69,816	2,586		67,230	-2,586	
Accounts without current transactions						-95,570,555
	780,824,058	49,271,632		831,349,483	50,525,425	27,533,888
Add: consolidation adjustment ⁽²⁾	847,292,000	183,577,000	99,797,057	663,715,000	-183,577,000	65,915,000
Total other miscellaneous	1,628,116,058	232,848,632	99,797,057	1,495,064,483	-133,051,575	93,448,888
Total	1,690,598,102	1,508,002,152	1,382,208,412	1,564,804,362	-125,793,740	96,501,801

⁽¹⁾ This account is now reported in Table 6.17 as National Sea Products Ltd—Loans.

⁽²⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Missions abroad

Non-interest bearing advances have been made for interim financing of expenditures at missions abroad, pending distribution to appropriations of External Affairs and other departments and agencies.

During the year, the total amount authorized to be outstanding at any time was increased to \$50,000,000 by External Affairs Vote L12, Appropriation Acts No 1 and No 3, 1989-90.

Personnel posted abroad

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

During the year, the total amount authorized to be outstanding at any time was increased to \$18,500,000 by External Affairs Vote L11, Appropriation Acts No 1 and No 3, 1989-90.

The closing balance consists of loans to employees, \$8,627,726; advances for medical expenses, \$1,823,859; security and other deposits under Foreign Service Directives, \$851,328; and, school and club debentures, \$235,007.

The loans to employees bear interest at rates from 11% to 13% per annum, and are repayable over 4 years, with final instalments between April 1, 1990 and June 30, 1993.

During the year, loans totalling \$9,202 were forgiven pursuant to External Affairs Vote 2c, Appropriation Act No 5, 1989-90.

Personnel posted in Canada

This account records imprest bank account advances made to regional offices.

The total amount authorized to be outstanding at any time is \$1,950,000.

Imprest accounts, standing advances and authorized loans

This account was established for the purpose of financing: (a) public funds imprest and public funds advance accounts; (b) standing advances; (c) authorized loans and advances to employees posted abroad; and, (d) authorized recoverable advances to establish military messes and canteens.

During the year, the total amount authorized to be outstanding at any time was increased to \$80,000,000 by National Defence Vote L11c Appropriation Act No 5, 1989-90.

Miscellaneous accountable advances

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

Miscellaneous accountable imprest and standing advances

This account is operated to provide standing travel advances, petty cash and imprest bank account advances, to departments and agencies.

The total amount authorized to be outstanding at any time is \$17,000,000.

Construction of multi-purpose exhibition buildings

Loans have been made to finance the construction of multi-purpose exhibition buildings.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable over 28 to 30 years, bearing interest at rates from 7.432% to 9.684% per annum, with final instalments between May 31, 1995 and May 1, 2008, \$16,601,712; and,
- (b) repayable over 20 to 26 years, bearing interest at rates from 7.266% to 8.898% per annum, with final instalments between December 31, 1992 and February 15, 2005, \$1,731,251.

Loans to assist industry in the Cape Breton area

Loans have been made for the purpose of promoting the establishment, growth, efficiency and international competitiveness of Canadian industry or to assist them in their financial restructuring and to foster the expansion of Canadian trade to a person engaged or about to engage in a manufacturing, processing or service industry in the Cape Breton area.

During the year, additional loans were authorized by Atlantic Canada Opportunities Agency, Vote L10, Appropriation Acts No 1 and No 3, 1989-90.

The loans bear interest at rates from 13.25% to 13.75% per annum, and are repayable at various dates between September 30, 1990 to December 12, 1992.

Loans to Enterprises in Newfoundland and Labrador

Loans have been made to provide financing to small and medium-sized businesses in Newfoundland.

These loans originated from the Newfoundland and Labrador Development Corporation Limited, of which Canada owned 40% of the shares. In an agreement dated March 29, 1989, the Newfoundland Government purchased Canada's shares to effect the withdrawal of the Government of Canada from the Corporation. A condition of the withdrawal was that the Government of Canada accept these loans as full payment of moneys owing by the Corporation to Canada. These loans are currently being administered by the Corporation on behalf of the Government of Canada.

These loans bear interest at rates from 10.5% to 17% per annum and are repayable at various dates between April 1, 1990 and April 1, 1999.

Cultural property

Loans have been made to institutions and public authorities in Canada, for the purchase of objects in respect of which export permits have been refused under the Cultural Property Export and Import Act, or for the purchase of cultural property situated outside Canada which is related to the national heritage.

During the year, additional loans were authorized by Communications Vote L20, Appropriation Acts No 1 and No 3, 1989-90. The total loan authority is \$10,000 per year.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.995% per annum, repayable over 5 years, with the final instalment on March 23, 1993, \$5,550; and,
- (b) bearing interest at the rate of 10.455% per annum, repayable over 5 years, with the final instalment on September 30, 1993, \$2,906.

Assisted passage scheme

Section 119 of the Immigration Act authorizes the making of loans to immigrants and other such classes of persons.

The total amount authorized to be outstanding at any time is \$90,000,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 5 years, with a deferment of 2 years, bearing interest at rates from 6% to 15% per annum, with final instalments between April 1, 1990 and April 1, 1995, \$5,422,356; and,
- (b) repayable by monthly instalments over 1 to 5 years, with a deferment of 2 years, non-interest bearing, with final instalments between April 1, 1990 and April 1, 1995, \$83,643,208.

During the year, loans totalling \$542,911 were written-off by Employment and Immigration Votes 16b and 17c, Appropriation Acts No 4 and No 5, 1989-90.

Hydro-Quebec Research Institute

Loans have been made to the Hydro-Quebec Research Institute, guaranteed by the Province of Quebec, to provide financial assistance for construction and operation of the Institute.

The loans bear interest at rates from 7.187% to 7.937% per annum, and are repayable in equal annual instalments over 25 years, with the final instalment on March 25, 1999.

Joint venture—Bi-Provincial Upgrader

The Government of Canada entered into a joint venture agreement with the Provinces of Alberta and Saskatchewan and Husky Oil Operations Ltd for the sole purpose of constructing and operating the Bi-Provincial Upgrader to be located near Lloydminster, Saskatchewan. The project facility will be used to upgrade heavy oil and crude bitumen.

The Governments' equity interest in the joint venture is equal to 30% of the Class A participating interest and 33.3% of the Class B participating interest.

During the year, investment payments were authorized by Energy, Mines and Resources Vote L15, Appropriation Acts No 1 and No 3, 1989-90.

As of March 31, 1990, the Governments' total investment is \$39.1 million. Of this amount \$3.1 million has been charged to budgetary expenditure (Vote 5) in 1988-89.

Development of export trade

Pursuant to Section 31 of the Export Development Act, the Governor in Council may authorize the Corporation to make loans where the liability is for a term, or in an amount in excess of that normally assumed by the Corporation. Such loans are financed directly by payments out of the Consolidated Revenue Fund and are administered by the Corporation on behalf of the Government of Canada.

Since April 1, 1987, certain loans for the development of export trade are made under budgetary authority.

The following table presents the balances and transactions for the loans made to the private sector, together with their terms and conditions of repayments. The closing balance of loans to the private sector includes, where applicable, total payments made under both budgetary and non-budgetary authorities. The total budgetary payments are deducted as a lump sum amount under the caption "Payments made under budgetary authority" at the end of the table to arrive at the amount reported in Table 6.18.

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990
	\$	\$	\$	\$
(a) 1 to 5 year term, 0% to 12% interest per annum, with final repayment in September 1996:				
Cuba	132,418	3,321,627	3,189,209	
Nigeria	82,939			82,939
Norway	24,361,072	469,857		23,891,215
United States	14,329,992	276,386		14,053,606
	38,906,421	4,067,870	3,189,209	38,027,760
(b) 11 to 15 year term, 8.5% interest per annum, with final repayment in April 1995:				
Brazil	8,094,643	2,839,277		5,255,366
Zambia	150,111			150,111
	8,244,754	2,839,277		5,405,477
(c) 40 year term, 8% interest per annum, with final repayment in March 2036:				
Antigua	32,446,823	1,969,466		30,477,357
	79,597,998	8,876,613	3,189,209	73,910,594

During the year, receipts and other credits included loan repayments of \$7,395,678, and a valuation adjustment of \$1,480,935 in respect of loans totalling \$62,999,182 US, while payments and other charges included loans of \$3,189,209. Interest of \$1.2 million was received and credited to non-tax revenue.

Canadian Commercial Bank

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the Canadian Commercial Bank Financial Assistance Act. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank (the Government of Canada's share is \$60 million) and the purchase of outstanding debentures from existing holders (\$13 million).

Ottawa Civil Service Recreational Association

Loans have been made to the Ottawa Civil Service Recreational Association, to assist in the building and development of the W Clifford Clark Memorial Centre.

The loans bear interest at rates from 4.25% to 5.375% per annum, and are repayable in equal semi-annual instalments over 25 and 45 years, with final instalments between September 30, 1990 and September 30, 2005.

Saint John Harbour Bridge Authority

Advances have been made to the Saint John Harbour Bridge Authority in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, NB. The total amount of advances in each year is to be based on the difference for the year between the operating and financing costs of the toll bridge, and the revenue of the Bridge Authority, repayable when the revenue of the Bridge Authority for the year exceeds the amount of the operating and financing costs for such year. The advances bear interest at rates from 5.875% to 16.375% per annum.

Advances made to the Authority to meet payments on Municipal Development and Loan Board loans and/or Canada Ports Corporation loans, have also been charged to this account. During the year, additional loans were authorized by Finance Vote L20, Appropriation Acts No 1 and No 3, 1989-90.

Town of Oromocto Development Corporation

Loans have been made to the Town of Oromocto Development Corporation, for housing projects in the Town of Oromocto, New Brunswick. The total loan authority is \$750,000.

The remaining loan bears interest at the rate of 5% per annum, and is repayable in equal semi-annual instalments over 30 years, with the final instalment due February 15, 1992.

Canadian producers of frozen groundfish

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories. The total loan authority is \$5,500,000.

The loans bore interest at the rate of 13% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987.

Groundfish processors

Loans have been made to assist processors of groundfish in Canada, who, as determined by the Fisheries Prices Support Board, are unable to obtain sufficient financing on reasonable terms from other sources, to maintain raw fish prices, i.e. prices to primary producers, at the 1966-68 level. The total loan authority is \$6,000,000. The loans bear interest at the rate of 8.75% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1984. No loan repayments nor interest were received since November 1982.

Loans, in the amount of \$3,000,000, have also been made to ice-affected fish plants in Newfoundland, Labrador and North Shore, Quebec, to provide advances for working capital assistance to Canadian producers of groundfish products in Newfoundland and Quebec, who were affected by severe ice conditions in May and June 1974. The loans bear interest at rates from 8% to 10% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1985.

Haddock fishermen

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8% per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. Parliamentary authority is required to write-off the balance.

Council for Yukon Indians

Loans have been made to the Council for Yukon Indians, to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indians land claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Vote L25, Appropriation Acts No 1 and No 3, 1989-90.

The loans are repayable in full upon settlement of land claims, and are non-interest bearing before an Agreement-in-Principle for the settlement of a claim is reached.

Eskimo loan fund

Loans have been made to individual Eskimos or groups of Eskimos, to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Eskimos, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Eskimos.

The total amount authorized to be outstanding at any time is \$7,072,000.

The loans bear interest at rates from 5% to 19.5% per annum, and are repayable over 1 to 15 years, with final instalments between April 1, 1990 and February 2, 2003.

During the year, loans totalling \$28,396 were written-off by Indian Affairs and Northern Development Vote 31b, Appropriation Act No 4, 1989-90.

Indian economic development fund

Loans have been made for the purposes of economic development of Indians, to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time has been reduced from \$70,000,000 to \$64,000,000, by Indian Affairs and Northern Development Vote 6b, Appropriation Act No 4, 1989-90.

The loans bear interest at rates from 5% to 21% per annum, and are repayable over 4 month to 15 years, with final instalments between April 1, 1990 and April 1, 2004.

During the year, loans totalling \$11,823,891 were written-off by Indian Affairs and Northern Development Votes 7b and 8c, Appropriation Acts No 4 and No 5, 1989-90.

Indian housing assistance fund

Second mortgage loans have been made to provide financial assistance to Indians and Inuit, for the construction and acquisition of houses and land, in areas other than Indian reserves. The purposes of the account were extended to authorize loans and advances to Indians and Inuit, for repairs or improvements to houses at time of purchase, in areas other than Indian reserves.

The total amount authorized to be outstanding at any time is \$20,000,000.

The loans are non-interest bearing, and are repayable in full by equal annual instalments or forgiveness, or, when the borrower sells the property. Whenever certain conditions of occupancy and maintenance are satisfied, instalments are forgiven at the rate of 10% per annum for up to 10 years.

During the year, \$311,581 was forgiven under the authority of Northern Affairs and National Resources Vote L51a, Appropriation Act No 9, 1966.

In addition, loans totalling \$308,042 were written-off by Indian Affairs and Northern Development Votes 7b and 8c, Appropriation Acts No 4 and No 5, 1989-90.

Inuvialuit Regional Corporation

A loan has been made to the Inuvialuit Regional Corporation pursuant to Section 6 of the Western Arctic (Inuvialuit) Claims Settlement Act to meet the monetary obligations of the Government under Section 15(4) of the agreement dated June 5, 1984, between the Committee for Original Peoples' Entitlement representing the Inuvialuit of the Inuvialuit Settlement Region, and the Government of Canada.

The total loan authority is \$30,000,000 per year as long as the total outstanding loans do not exceed \$80,543,000.

The loan bears interest at the rate of 8% per annum, calculated semi-annually, not in advance, and any accrued interest or loans outstanding, exceeding \$82,112,000 are repayable on December 31, 1990.

Native claimants

Loans have been made to native claimants, to defray the costs related to the research, development and negotiation of claims.

During the year, additional loans were authorized by Indian Affairs and Northern Development Votes L20 and L20b, Appropriation Acts No 1, No 3 and No 4, 1989-90.

The terms and conditions of the loans are as follows:

- (a) loans made before an Agreement-in-Principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an Agreement-in-Principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and,

- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled, or on a date fixed in the agreement, which shall be not later than March 31, 1998, whichever date is earlier.

Yukon Energy Corporation

In accordance with Section 4(2) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act, the Northern Canada Power Commission (formerly a Crown corporation) transferred its assets in the Yukon Territory to the Yukon Energy Corporation effective March 31, 1987.

Loans have been made to assist the Yukon Energy Corporation in acquiring the Northern Canada Power Commission Yukon Assets pursuant to Section 7(1) of the Northern Canada Power Commission Yukon Assets Disposal Authorization Act.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) loans in the amount of \$14,800,000 bear interest at the rate of 9% per annum, are repayable in equal principal annual instalments of \$400,000 plus interest, with the final principal instalment on March 31, 1997 of \$12,000,000 plus interest; and,
- (b) loans in the amount of \$37,250,000 bear interest at the rate of 7% per annum, are repayable in equal principal annual instalments of \$1,000,000 plus interest with the final instalment on January 1, 2028. The instalment is subject to certain principal deferral and interest abatement provisions depending on the sales volume of electrical power.

Canadair Limited

The Corporation was incorporated pursuant to the Canada Corporations Act, and continued under the Canada Business Corporations Act, to manufacture and sell aircraft.

Loans have been made to the Corporation for the financing of water bomber aircraft, such loans to be recovered on the sale of the aircraft.

The loans are non-interest bearing and are repayable only when the aircraft are sold.

Canadian defence industry

Advances have been made to assist Canadian defence industry with plant modernization.

The advances are non-interest bearing, and are repayable over 1 to 5 years, with final instalments between April 1, 1990 and December 31, 1994.

During the year, advances totalling \$99,541 were written-off by Industry, Science and Technology Vote 3c, Appropriation Act No 5, 1989-90.

Company stock option

This account records the purchase by the General Adjustment Assistance Board and the Enterprise Development Board, on behalf of Her Majesty in right of Canada, of the capital stock of a company in order to exercise a stock option in such company that has been taken by the Board in connection with the provision of a loan, or of insurance of a loan or a letter of credit made or issued to the company in accordance with the General Adjustment Assistance Regulations, the Automotive Manufacturing Assistance Regulations, or under the Enterprise Development Program, where, in the opinion of a Board established pursuant to Section 15 of the Department of Industry, Science and Technology Act:

- (i) the value of the capital stock of the company has increased as a result of the assistance provided and the stock option should be exercised, in order to permit Her Majesty in right of Canada to benefit from the increased value of the capital stock of the company; or,
 - (ii) the stock option should be exercised, to protect the Crown's interest in respect of the loan made or insurance provided; and,
- to authorize the sale or other disposition of any capital stock so acquired.

During the year, additional purchases were authorized by Industry, Science and Technology Vote L15, Appropriation Acts No 1 and No 3, 1989-90.

Industrial and regional development program

Loans have been made to firms and industries to help them adjust to changing competitive conditions and to produce new, more viable and competitive products and services.

The remaining loan bears interest at the rate of 12.625% per annum, and is repayable between April 24, 1990 and January 24, 1999.

Manufacturing, processing and service industries in Canada

This account records loans made to persons engaged or about to engage or assist in manufacturing, processing or service industries in Canada in order to promote the establishment, improvement, growth, efficiency or international competitiveness of such industries or to assist them in their financial restructuring.

During the year, an additional loan was authorized by Industry, Science and Technology Vote L20, Appropriation Acts No 1 and No 3, 1989-90. One of the loans bears interest at rates from 9.375% to 10.375% per annum, and is repayable over 7 to 8 years, with a final instalment due December 15, 1998. The other loan is interest-free unless it is in default, and it will be repaid in one instalment of \$110 million on April 1, 2017.

Provincial workers' compensation boards

This account is operated under the authority of Section 4(6) of the Government Employees Compensation Act, to provide operating funds to enable provincial compensation boards to administer the Act on behalf of the Crown, and pay claims to Canadian Government employees injured in the course of their employment.

The total amount of advances that is authorized to be made to all provincial workers' compensation boards is not to exceed three months' disbursements for compensation.

The advances are non-interest bearing and are to be repaid on termination of agreements with provincial boards.

Canadian Forces housing projects

Advances have been made to the Canada Mortgage and Housing Corporation, in respect of loans arranged by the Corporation for housing projects for occupancy by members of the Canadian Forces.

The loans bear interest at rates from 4% to 5.75% per annum, and are repayable over 35 to 48 years, with final instalments between August 1, 1996 and November 1, 2010.

Sydney Steel Corporation

Loans have been made to Sydney Steel Corporation, for the construction of wharf facilities at Sydney, Nova Scotia. The total loan authority is \$6,000,000.

The loans bear interest at the rate of 9.078% per annum, and are repayable in equal annual instalments over 20 years, with the final instalment on June 12, 1998. The instalments are in arrears since June 1, 1979. Parliamentary authority is required to write-off the balance.

Parolees

Loans have been made to parolees and individuals under mandatory supervision, to assist in their rehabilitation.

The total amount authorized to be outstanding at any time is \$50,000.

The loans are non-interest bearing and are repayable before the expiration of the parole period, or within one year from the date the loans were made, whichever period is the shorter. The repayment of a loan or any part thereof may be forgiven by the Solicitor General, if certain conditions are met.

During the year, loans totalling \$8,570 were forgiven pursuant to Solicitor General Vote L103b, Appropriation Act No 1, 1969.

Canadian Commercial Bank

This account represents the amount the Receiver General for Canada had on deposit with the Canadian Commercial Bank at the time the Bank ceased operation on September 1, 1985. Since this amount was not covered for reimbursement under the Financial Institutions Depositors Compensation Act, parliamentary authority is required to write-off the balance.

Defence production loan account

This account was established under Section 18 of the Defence Production Act, to record loans or advances for any purpose other than to assist in the construction, acquisition, extension or improvement of capital equipment or works by any person.

Section 19 of the Defence Production Act stated that the aggregate of expenditures charged to the Defence production revolving fund (budgetary account), and to this account, shall not at any time exceed by more than \$100,000,000 the aggregate of amounts:

- (a) received from the sale or disposition of materials, substances or defence supplies;
- (b) charged to another appropriation in respect of costs of acquisition, storage, maintenance or transportation of stocks of materials or substances purchased, or of stocks of defence supplies acquired, where such materials, substances or defence supplies may be acquired under that appropriation;
- (c) charged to an appropriation or paid by an agent of Her Majesty or by an associated government, to pay costs incurred in respect of defence supplies, payment for which was made out and charged to the Defence production revolving fund; and,
- (d) received in repayment of a loan or advance previously charged to this account.

The balance in the account represents:

- a repayment of \$1.7 million owed to this account by CAE Aircraft, which is in dispute concerning the date when repayment is due. Legal counsel is of the opinion that no loss to the Government will be incurred; and,
- loans of \$24.6 million which have been issued to Expro Chemical Products Inc for the specific purpose of meeting its working capital requirements.

The loans bear interest at rates from 9.865% to 10.590% per annum, and are repayable in quarterly instalments over 5 to 10 years, with the final instalment in October, 1998.

Corporation of the City of Montreal

A loan has been made to the Corporation of the City of Montreal, for the construction of a vehicular tunnel under the Lachine Canal at Atwater Avenue.

The loan bears interest at the rate of 3.125% per annum, and is repayable in equal annual instalments over 30 years, with the final instalment on June 20, 1991.

Hamilton Harbour Commissioners

Loans have been made to the Hamilton Harbour Commissioners, to assist in the development of the harbour.

The total amount authorized to be outstanding at any time is \$4,000,000.

The remaining loan bears interest at the rate of 4.125% per annum, and is repayable in semi-annual instalments over 39 years, with the final instalment on January 15, 2004.

Northern Transportation Company Limited

A loan has been made to 141606 Canada Limited, to finance the acquisition of the former Northern Transportation Company Limited. On July 15, 1985, both corporations were amalgamated under the name of Northern Transportation Company Limited.

The loan bears interest at the rate of 4% per annum, is repayable in annual instalments equal to 40% of the annual cash flow of the Company, and has an indefinite maturity date.

Port Alberni Harbour Commission

Loans have been made to the Port Alberni Harbour Commission, to finance the construction of a new lumber assembly wharf.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) bearing interest at the rate of 8.062% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$70,339; and,
- (b) bearing interest at the rate of 7.187% per annum, repayable in semi-annual instalments over 20 years, with the final instalment on June 30, 1991, \$192,061.

Thunder Bay Harbour Commission

Loans have been made to the Thunder Bay Harbour Commission, for the expansion of the Keefer terminal.

During the year, the loans were repaid in full.

Commonwealth War Graves Commission

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was £30,000 UK. This balance was converted to Canadian dollars, using the year-end rate of exchange.

The advances are non-interest bearing and have no fixed terms of repayments.

ALLOWANCE FOR VALUATION

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated realizable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end.

SECTION 7

1989-90

PUBLIC ACCOUNTS

Specified Purpose Accounts

CONTENTS

	<i>Page</i>
Canada Pension Plan Account	7.4
Superannuation accounts	7.6
Government Annuities Account	7.11
Deposit and trust accounts	7.11
Provincial tax collection agreements account	7.18
Other specified purpose accounts	7.19
Supplementary statements—	
Canada Pension Plan Account and the Canada Pension	
Plan Investment Fund	7.33
Government Annuities Account	7.37
Royal Canadian Mounted Police (Dependants) Pension Fund	7.40

SPECIFIED PURPOSE ACCOUNTS

Specified purpose accounts represent the recorded value of the financial obligations of the Government of Canada in its role as administrator of certain public moneys received or collected for specified purposes, under or pursuant to the legislation, trusts, treaties, undertakings or contracts. These public moneys may be paid out only for the purposes specified in or pursuant to the legislation, trusts, treaties, undertakings or contracts.

Because of the dedicated purposes of these moneys, specific accounts are required to be maintained to provide an accounting mechanism to ensure that the moneys are used only for the purposes for which they were received or collected. Legislation relating to some accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

This section gives details of specified purpose accounts on which summary information was given in Sections 1 and 2 of this volume.

Chart A presents the total specified purpose accounts by category for the current fiscal year, while Chart B compares the total specified purpose accounts for the last five fiscal years. Table 7.1 presents the transactions and year-end balances of specified purpose accounts by category.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

The financial statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Auditor General's reports thereon, are presented at the end of this section.

CHART A
SPECIFIED PURPOSE ACCOUNTS
(in millions of dollars)

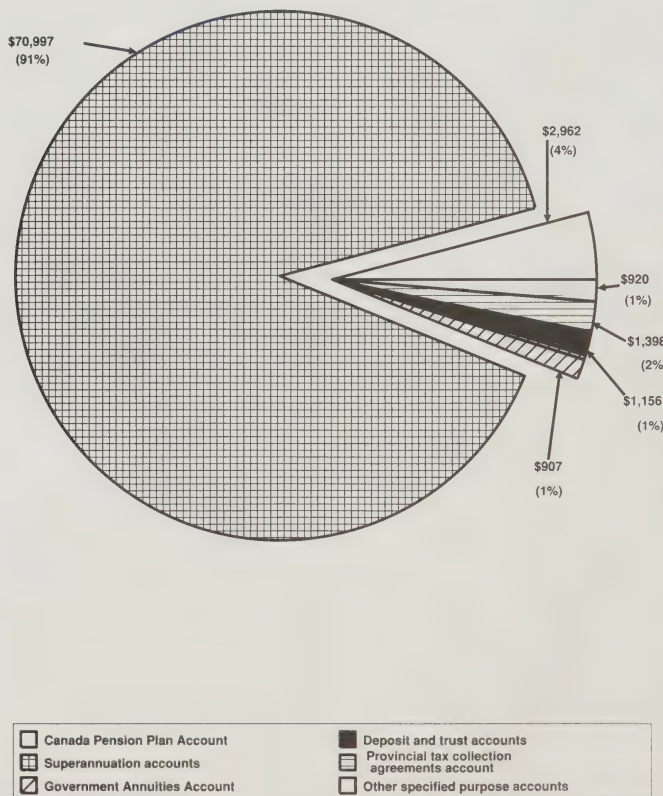


CHART B
SPECIFIED PURPOSE ACCOUNTS
(in billions of dollars)



TABLE 7.1

SPECIFIED PURPOSE ACCOUNTS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
Canada Pension Plan Account, Table 7.2	37,602,881,586	14,527,045,082	12,684,557,911	39,445,368,757	1,842,487,171	1,581,805,687
Less: securities held by the Canada Pension Plan Investment Fund, Table 7.2	35,063,117,000	823,286,000	2,243,231,000	36,483,062,000	1,419,945,000	1,326,068,000
	2,539,764,586	15,350,331,082	14,927,788,911	2,962,306,757	422,542,171	255,737,687
Superannuation accounts, Table 7.4	64,612,683,078	8,401,484,326	2,016,926,565	70,997,240,839	6,384,557,761	5,825,016,582
Government Annuities Account	948,221,887	62,747,366	104,292,774	906,676,479	-41,545,408	-39,216,494
Deposit and trust accounts, Table 7.10	1,220,845,213	3,306,972,382	3,372,472,614	1,155,344,981	-65,500,232	-518,704,759
Provincial tax collection agreements account, Table 7.13	1,765,750,365	24,332,544,792	24,700,007,482	1,398,287,675	-367,462,690	-731,174,433
Other specified purpose accounts, Table 7.14	834,202,642	7,923,658,511	7,838,082,351	919,778,802	85,576,160	107,984,410
Total	71,921,467,771	59,377,738,459	52,959,570,697	78,339,635,533	6,418,167,762	4,899,642,993

Note: the balances and the transactions of the Unemployment Insurance Account, the Canadian Ownership Account, the Western Grain Stabilization Account, the Crop Reinsurance Fund, the Agricultural Commodities Stabilization Accounts and other specified purpose accounts are reported in Section 5 of this volume (Table 5.7) since the transactions in these accounts are treated as budgetary.

Canada Pension Plan Account

The Canada Pension Plan is a compulsory contributory social insurance plan which enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. Established in 1965, the Plan applies in all parts of Canada, except the Province of Quebec which has a comparable plan.

Under existing arrangements, all benefits and costs incurred in the administration of the program are financed from contribu-

tions made by employees, employers and self-employed persons, and the interest earned from the investment of funds.

The Government's financial obligation, as administrator of the Canada Pension Plan, is limited to the balance in the Account.

Table 7.2 presents a summary of the balances and transactions in the Canada Pension Plan Account less investment in securities of the federal, provincial and territorial governments held by the Canada Pension Plan Investment Fund.

TABLE 7.2

CANADA PENSION PLAN ACCOUNT

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
Canada Pension Plan Account, Table 7.3	37,602,881,586	14,527,045,082	12,684,557,911	39,445,368,757	1,842,487,171	1,581,805,687
Less: securities held by the Canada Pension Plan Investment Fund —						
Canada	3,005,600,000	4,059,000	71,112,000	3,072,653,000	67,053,000	513,753,000
Newfoundland	727,941,000	15,557,000	45,188,000	757,572,000	29,631,000	27,398,000
Nova Scotia	1,365,521,000	34,566,000	85,218,000	1,416,173,000	50,652,000	49,271,000
Prince Edward Island	154,733,000	3,240,000	10,544,000	162,037,000	7,304,000	6,846,000
New Brunswick	1,003,721,000	24,216,000	64,307,000	1,043,812,000	40,091,000	37,547,000
Quebec	128,398,000	3,078,000	6,099,000	131,419,000	3,021,000	2,911,000
Ontario	16,078,223,000	445,777,000	1,086,695,000	16,719,141,000	640,918,000	177,326,000
Manitoba	1,911,909,000	47,683,000	114,972,000	1,979,198,000	67,289,000	63,721,000
Saskatchewan	1,577,117,000	40,357,000	101,867,000	1,638,627,000	61,510,000	58,024,000
Alberta	4,209,336,000	76,618,000	311,940,000	4,444,658,000	235,322,000	222,553,000
British Columbia	4,896,892,000	128,135,000	345,289,000	5,114,046,000	217,154,000	166,718,000
Northwest Territories						
Yukon Territory	3,726,000			3,726,000		
	35,063,117,000	823,286,000	2,243,231,000	36,483,062,000	1,419,945,000	1,326,068,000
Total	2,539,764,586	15,350,331,082	14,927,788,911	2,962,306,757	422,542,171	255,737,687

Receipts and other credits include:

- (a) contributions of: (i) 2.1% of earnings by employees earning over \$2,700 for the 1989 calendar year and 2.2% of earnings over \$2,800 for the 1990 calendar year, subject to maximum payments of \$525 for the 1989 calendar year and \$574 for the 1990 calendar year, with matching contributions by employers and (ii) 4.2% of earnings of self-employed persons over \$2,700 for the 1989 calendar year and 4.4% of earnings over \$2,800 for the 1990 calendar year, subject to maximum payments of \$1,050 for the 1989 calendar year and \$1,148 for the 1990 calendar year;
- (b) interest received from securities of the Canada Pension Plan Investment Fund, and from the average daily operating balance; and,
- (c) funds received from the federal and provincial governments for securities which have been redeemed.

Payments and other charges include:

- (a) benefits paid under the Canada Pension Plan as retirement pensions, survivors' benefits paid to widows, widowers and orphans, or as lump sum death benefits, and disability pensions and benefits to children of disabled contributors;
- (b) benefits paid and recovered from the Canada Pension Plan, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the Canada Pension Plan Account, in accordance with reciprocal agreements with other countries;
- (d) the costs of administration of the Plan; and,
- (e) funds invested during the year in the securities of the federal, provincial and territorial governments.

When the operating balance exceeds the estimated amount required to meet all payments in the following three-month period, the excess is available for the purchase of securities of the provinces, territories and Canada.

Provinces and territories are advised monthly of the amount of excess moneys in the Canada Pension Plan Account that is available for the purchase of provincial and territorial securities. The amount available to each province and territory is the proportion that contributions made to the Plan during the preceding ten years in respect of employment in the province or territory bears to total contributions. Contributions received in respect of employment from employees outside Canada as well as any excess funds not invested in the securities of the provinces and territories are invested in the special non-marketable bonds of the Government of Canada.

Certain federal employees, such as members of the Canadian Armed Forces, who are resident in the Province of Quebec, contribute to the Canada Pension Plan. The securities of Quebec which are purchased by the Plan relate to the contributions of these employees.

On the Statement of Assets and Liabilities of the Government of Canada, the investment in securities issued by the federal, provincial and territorial governments as charged to the Canada Pension Plan Investment Fund, is deducted from the Canada Pension Plan Account.

TABLE 7.3

CANADA PENSION PLAN ACCOUNT

(in millions of dollars)

	1989-90	1988-89
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees, employers and self-employed	7,278	6,248
Interest on investments	3,826	3,662
Interest on average daily operating balance	356	251
Canada Pension Plan Investment Fund transactions	3,067	2,802
	14,527	12,963
PAYMENTS AND OTHER CHARGES—		
Benefits	9,473	8,445
Expenses	145	134
Canada Pension Plan Investment Fund transactions	3,067	2,802
	12,685	11,381
Excess of receipts and other credits over payments and other charges	1,842	1,582
Funds applied—		
Purchase of bonds—		
Provincial and territorial	2,172	1,545
Federal	71	519
Increase in deposits with Receiver General	422	256
	2,665	2,320
Less: funds provided—		
Redemption of bonds—		
Provincial	819	733
Federal	4	5
	823	738
Net increase	1,842	1,582
Balance at beginning of year	37,603	36,021
Balance at end of year	39,445	37,603

Superannuation Accounts

The superannuation accounts liability includes the related specified purpose accounts as well as a supplementary allowance used to record any shortfall in the benefit obligations as determined on an actuarial basis.

The Government provides pensions to retired employees or their dependants through pension schemes authorized by the Public Service Superannuation Act, the Canadian Forces Superannuation Act and the Royal Canadian Mounted Police Superannuation Act. These pensions are indexed to the cost of living under authority of the Supplementary Retirement Benefits Act. The Government's liabilities in its role as sponsor and administrator of these pension plans in respect of its employees and certain other contributors, are recorded in the relevant superannuation accounts.

Legislation for basic pensions provides for employee contributions (6 1/2% of salary less contributions to the Canada Pension Plan), employer contributions (prior year's employee contributions for members of the Public Service, and approximately 1.8 and 2.0 times current year's employee contributions for members of the Canadian Forces and the Royal Canadian Mounted Police respectively), allocation of interest (average market yield of 20 year Canada bonds weighted by the quarterly excess of receipts over disbursements in the three accounts each quarter over 20 years), and actuarial valuation deficiencies. Legislation for indexing basic pensions provides for additional employee contributions (1% of salary), matching employer contributions and allocation of interest (current rate of 5 year Canada bonds).

Receipts and other credits for the superannuation accounts consist of contributions from personnel, related contributions from the Government and participating Public Service corporations, transfers from other pension funds, other Government contributions related to actuarial liability adjustments (not applicable to the Supplementary Retirement Benefits Account), and interest. Payments and other charges for the superannuation accounts consist of payments of pensions, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), refunds of contributions and transfers to other plans.

The Public Pensions Reporting Act, as passed by the House of Commons on February 10, 1986, requires that actuarial reviews be conducted at a date not later than four years after the last review date and, thereafter, at dates not more than three years apart, for each of the employer-sponsored pension plans, and the portion of the Supplementary Retirement Benefits Account that relates to these plans. As specified in that Act, the last review dates are deemed to be December 31, 1986 for the Public Service Superannuation Account, December 31, 1987 for the Canadian Forces Superannuation Account, and December 31, 1985 for the Royal Canadian Mounted Police Superannuation Account.

In accordance with the legislation governing the basic portion of the three superannuation plans, the Minister of Finance has the authority to direct that any actuarial deficiency found will be credited to the appropriate account, charged to unamortized portion of actuarial deficiencies, and amortized to expenditure in five equal annual instalments commencing in the year in which the actuarial report is laid before Parliament. In addition, the cost of added liabilities, created by the authorization of salary increases each year, is credited to the superannuation accounts, charged to unamortized portion of actuarial deficiencies, and amortized to expenditure over a period of five years commencing in the year in which the increases are authorized. In the current year, there were no actuarial deficiencies relating to each of the basic accounts.

Since the quarter ending September 30, 1969, the regulations, made pursuant to each of the superannuation acts, have provided for the calculation of interest on the basic accounts at a rate related to the Canada Pension Plan interest rate (currently 6.5% per annum for the Public Service, Canadian Forces and Royal Canadian Mounted Police Superannuation Accounts).

Table 7.4 presents a summary of the balances and transactions for the superannuation accounts including the amortization of actuarial deficiencies.

Table 7.5 presents a summary of transactions in the superannuation accounts that resulted in charges to budgetary expenditure. In 1989-90, \$8,235 million was charged to budgetary expenditure on account of superannuation plans. This was composed of Government contributions, \$896 million; increased superannuation benefits paid during the year due to indexation in excess of the superannuates' share of contributions plus interest to the Supplementary Retirement Benefits Account, \$966 million; and, interest, \$6,373 million.

TABLE 7.4

SUPERANNUATION ACCOUNTS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (–)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Public Service Superannuation Account, Table 7.6	30,609,954,534	4,569,770,008	1,260,167,678	33,919,556,864	3,309,602,330	3,000,454,649
Canadian Forces Superannuation Account, Table 7.7	19,646,044,234	2,585,964,953	575,752,188	21,656,256,999	2,010,212,765	1,844,358,637
Royal Canadian Mounted Police Superannuation Account, Table 7.8	3,154,464,827	463,273,206	61,484,286	3,556,253,747	401,788,920	396,718,849
Supplementary Retirement Benefits Account, Table 7.9	4,502,219,483	782,476,159	119,522,413	5,165,173,229	662,953,746	583,484,447
	57,912,683,078	8,401,484,326	2,016,926,565	64,297,240,839	6,384,557,761	5,825,016,582
Allowance for actuarial liability for employee pensions	6,700,000,000			6,700,000,000		
Total	64,612,683,078	8,401,484,326	2,016,926,565	70,997,240,839	6,384,557,761	5,825,016,582

TABLE 7.5

SUMMARY OF TRANSACTIONS IN SUPERANNUATION ACCOUNTS THAT RESULTED IN CHARGES TO
BUDGETARY EXPENDITURE
(in millions of dollars)

	1989-90				1988-89
	Government contributions	Statutory payments under Supplementary Retirement Benefits Account	Interest	Total	
Public Service Superannuation Account	426	561	3,393	4,380	4,037
Canadian Forces Superannuation Account	270	376	2,161	2,807	2,567
Royal Canadian Mounted Police Superannuation Account	71	29	348	448	433
Supplementary Retirement Benefits Account	129		471	600	513
Total	896	966	6,373	8,235	7,550

Public Service Superannuation Account

This account is operated under the Public Service Superannuation Act.

The unamortized portion of the actuarial deficiency in the Public Service Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1988-89 or 1989-90 as a result of actuarial reviews.

TABLE 7.6**PUBLIC SERVICE SUPERANNUATION ACCOUNT**

	1989-90	1988-89
	\$	\$
Opening balance	30,609,954,534	27,609,499,885
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Government employees	456,316,630	405,918,241
Retired employees	26,229,196	24,135,222
Public Service corporation employees	127,128,548	124,831,159
Matching contributions—		
Government	426,390,027	434,184,433
Public Service corporations	125,942,835	123,439,702
Transfers from other pension funds	15,229,610	8,572,869
Interest	3,392,533,162	3,075,409,386
	4,569,770,008	4,196,491,012
	35,179,724,542	31,805,990,897
PAYMENTS AND OTHER CHARGES—		
Annuities	1,127,963,829	1,026,075,909
Cash termination allowances	200,560	415,443
Minimum benefits	14,005,207	10,472,876
Returns of contributions—		
Government employees	57,403,705	63,796,403
Public Service corporation employees	30,967,231	23,619,449
Transfers to other pension funds	29,627,146	71,656,283
	1,260,167,678	1,196,036,363
Closing balance	33,919,556,864	30,609,954,534

Canadian Forces Superannuation Account

This account is operated under the Canadian Forces Superannuation Act.

The unamortized portion of the actuarial deficiency in the Canadian Forces Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1988-89 or 1989-90 as a result of actuarial reviews.

TABLE 7.7**CANADIAN FORCES SUPERANNUATION ACCOUNT**

	1989-90	1988-89
	\$	\$
Opening balance	19,646,044,234	17,801,685,597
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel	151,574,096	142,172,624
Contributions by the Government	270,116,686	255,398,413
Interest	2,160,628,456	1,967,694,725
Other	3,645,715	3,146,830
	2,585,964,953	2,368,412,592
	22,232,009,187	20,170,098,189
PAYMENTS AND OTHER CHARGES—		
Pensions and retiring allowance payments	543,360,167	498,917,647
Cash termination allowances and returns of contributions	31,297,707	24,514,320
Transfers to Public Service Superannuation Account (Treasury Board)	1,100,409	628,592
Other	-6,095	-6,604
	575,752,188	524,053,955
Closing balance	21,656,256,999	19,646,044,234

Royal Canadian Mounted Police Superannuation Account

This account is operated under the Royal Canadian Mounted Police Superannuation Act.

The unamortized portion of the actuarial deficiency in the Royal Canadian Mounted Police Superannuation Account at the end of the current year remained as nil. No actuarial liability adjustment was made in either 1988-89 or 1989-90 as a result of actuarial reviews.

TABLE 7.8

ROYAL CANADIAN MOUNTED POLICE SUPERANNUATION ACCOUNT

	1989-90	1988-89
	\$	\$
Opening balance	3,154,464,827	2,757,745,978
RECEIPTS AND OTHER CREDITS—		
Contributions from personnel (current and arrears)	43,460,683	41,127,536
Transfers from other pensions funds	508,274	
Contributions by the Government (statutory) ⁽¹⁾	70,622,347	98,693,091
Interest	348,681,902	307,070,075
	<u>463,273,206</u>	<u>446,890,702</u>
	3,617,738,033	3,204,636,680
PAYMENTS AND OTHER CHARGES—		
Annuities and allowance payments	58,890,934	47,863,128
Cash termination allowance payments, returns of contributions and gratuities	2,112,430	1,914,197
Transfers to other pension funds	208,446	151,797
Interest on returns of contributions	<u>272,476</u>	<u>242,731</u>
	61,484,286	50,171,853
Closing balance	<u>3,556,253,747</u>	<u>3,154,464,827</u>

⁽¹⁾ Per Treasury Board decision, only three quarters of interest were added in 1989-90.

Supplementary Retirement Benefits Account

This account was established by the Supplementary Retirement Benefits Act, to provide for the payment of increased pension benefits resulting from indexation.

Increased superannuation benefits paid during the year due to indexation amounted to \$1,060 million (\$970 million in 1988-89), of which \$966 million (\$899 million in 1988-89) represents benefits to superannuates in excess of their share of contributions to the account which has been charged to budgetary expenditure. The payments charged to budgetary expenditure on behalf of

contributors amounted to \$561 million (\$528 million in 1988-89) for the Public Service Superannuation Account of which it is estimated that \$45 million (\$43 million in 1988-89) pertains to former employees of Public Service corporations, \$376 million (\$344 million in 1988-89) for the Canadian Forces Superannuation Account, and \$29 million (\$27 million in 1988-89) for the Royal Canadian Mounted Police Superannuation Account. An amount of \$94 million (\$71 million in 1988-89) was charged to the Supplementary Retirement Benefits Account.

TABLE 7.9

SUPPLEMENTARY RETIREMENT BENEFITS ACCOUNT (in thousands of dollars)

	Public Service		Canadian Forces		Royal Canadian Mounted Police		Parliament		Others		Total	
	1989-90	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90	1988-89
Opening balance	3,336,640	2,908,740	900,546	783,886	244,837	209,268	7,230	6,478	12,967	10,363	4,502,220	3,918,735
RECEIPTS AND OTHER CREDITS—												
Employee contributions—												
Public Service corporations	25,444	25,551									25,444	25,551
Government	89,860	78,857	30,172	27,898	8,268	7,709	263	262	844	760	129,407	115,486
Matching contributions—												
Public Service corporations	26,850	24,082									26,850	24,082
Government	89,799	78,783	30,053	27,837	8,265	7,706	260	246	844	761	129,221	115,333
Interest	348,650	294,842	94,456	79,448	25,794	21,617	840	641	1,398	1,095	471,138	397,643
Transfers from other pension funds	315	162	17	2	84	35					416	199
	580,918	502,277	154,698	135,185	42,411	37,067	1,363	1,149	3,086	2,616	782,476	678,294
	3,917,558	3,411,017	1,055,244	919,071	287,248	246,335	8,593	7,627	16,053	12,979	5,284,696	4,597,029
PAYMENTS AND OTHER CHARGES—												
Annuities	72,959	55,441	18,072	14,204	2,251	1,080	426	249	19	12	93,727	70,986
Cash termination allowances	15	34									15	34
Minimum benefits	783	570									783	570
Returns of contributions—												
Public Service corporations	5,905	4,453									5,905	4,453
Government	10,757	11,867	5,661	4,259	453	395	15	148			16,886	16,669
Transfers to other pension funds	2,049	2,012	125	62	33	23					2,207	2,097
	92,468	74,377	23,858	18,525	2,737	1,498	441	397	19	12	119,523	94,809
Closing balance	3,825,090	3,336,640	1,031,386	900,546	284,511	244,837	8,152	7,230	16,034	12,967	5,165,173	4,502,220

Allowance for Actuarial Liability for Employee Pensions

This account records the allowance for the actuarial present value of unfunded supplementary retirement benefits in respect of benefits earned or in pay, as well as for the unfunded pension liability of the federally appointed judges pension plan and Members of Parliament retiring allowances as at March 31, 1990.

Government Annuities Account

This account was established by the Government Annuities Act, and modified by the Government Annuities Improvement Act, which discontinued sales of annuities in 1975. The account is valued on an actuarial basis each year, with the deficit or surplus charged or credited to the Consolidated Revenue Fund.

The purpose of the Government Annuities Act was to assist Canadians to provide for their later years, by the purchase of Government annuities. The Government Annuities Improvement Act increased the rate of return and flexibility of Government annuity contracts.

Receipts and other credits consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously unlocated annuitants, earned interest and items transferred from previous years' revenue to cover the actuarial deficit. Payments and other charges represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed items trans-

ferred to non-tax revenue. The amounts of unclaimed annuities, related to annuitants who cannot be located, are transferred to non-tax revenue.

During the year, debts totalling \$16,930 were written-off pursuant to Employment and Immigration Vote 6c, Appropriation Act No 5, 1989-90.

Deposit and Trust Accounts

Deposit and trust accounts is a group of liabilities representing the Government's financial obligations in its role as administrator of certain moneys that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by securities, these are deducted from the corresponding accounts to show the Government's net liability.

Table 7.10 presents a summary of the balances and transactions in deposit and trust accounts.

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
Deposit accounts—						
Agriculture—						
Canadian Dairy Commission account	41,713,247	670,027,861	690,200,596	21,540,512	-20,172,735	8,213,073
Guarantee deposits—Canada Agricultural Products Standards Act	1,537	1,600	2,986	151	-1,386	800
	41,714,784	670,029,461	690,203,582	21,540,663	-20,174,121	8,213,873
Communications—						
Canadian Film Development Corporation—						
Special account ⁽²⁾		21,793,780		21,793,780	21,793,780	
Employment and Immigration—						
General security deposits		53,600		53,600	53,600	
Immigration guarantee fund	6,222,921	3,000,654	1,701,772	7,521,803	1,298,882	1,204,711
Less: securities held in trust	50,000			50,000		
	6,172,921	3,000,654	1,701,772	7,471,803	1,298,882	1,204,711
	6,172,921	3,054,254	1,701,772	7,525,403	1,352,482	1,204,711
Energy, Mines and Resources—						
Guarantee deposits—Oil and gas	62,056,468	18,460,019	55,519,818	24,996,669	-37,059,799	-614,858
Less: securities held in trust	55,283,253	55,469,818	17,254,427	17,067,862	-38,215,391	-5,256,792
	6,773,215	73,929,837	72,774,245	7,928,807	1,155,592	4,641,934
External Affairs—						
Fairs and missions	67,556	1,177,460	1,135,926	109,090	41,534	32,791
Finance—						
Canada Development Investment Corporation—						
Canadair Limited	5,500,000			5,500,000		
The de Havilland Aircraft of Canada, Limited	53,330,238		53,000,000	330,238	-53,000,000	-3,829,899
Crown corporations' surplus moneys—						
St Lawrence Seaway Authority, The		13,000,000		13,000,000	13,000,000	-13,000,000
	58,830,238	13,000,000	53,000,000	18,830,238	-40,000,000	-16,829,899

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—Continued

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
	\$	\$	\$	\$	1990	1989
Indian Affairs and Northern Development—						
Field British Columbia and Yukon Operations of the Northern Canada Power Commission	1,380,792		6,252	1,374,540	-6,252	-179,525
Guarantee deposits	20,063,224	60,796,590	60,493,133	20,366,681	303,457	-21,046,361
Less: securities held in trust	19,483,756	60,200,245	60,489,305	19,772,816	289,060	-21,157,619
	579,468	120,996,835	120,982,438	593,865	14,397	111,258
Guarantee deposits—						
Reserve resources	651,665	167,701	123,409	695,957	44,292	129,046
Less: securities held in trust	50,000	50,000			-50,000	50,000
	601,665	217,701	123,409	695,957	94,292	79,046
Guarantee deposits—						
Rotating herds	4,371			4,371		410
Indian contributions to the subsidy housing program	19,959			19,959		
	2,586,255	121,214,536	121,112,099	2,688,692	102,437	11,189
Industry, Science and Technology—						
Canada Post Corporation account	29,703,085	2,133,484,432	2,156,139,887	7,047,630	-22,655,455	-478,793,913
Justice—						
Supreme Court of Canada—						
Security for costs	148,256	45,863	19,330	174,789	26,533	-28,291
National Revenue—						
Customs and Excise—						
Guarantee deposits	6,170,752	2,006,087	2,359,435	5,817,404	-353,348	-4,819,207
Less: securities held in trust	4,819,300	1,243,000	1,867,000	5,443,300	624,000	-5,793,200
	1,351,452	3,249,087	4,226,435	374,104	-977,348	973,993
Temporary deposits received from importers	1,585,036		223,007	1,362,029	-223,007	-154,341
Less: deposits in special bank accounts	1,585,036	223,007	223,007	1,362,029	-223,007	-154,341
	1,351,452	3,472,094	4,449,442	374,104	-977,348	973,993
Privy Council—						
Chief Electoral Officer—Candidates' election deposits		1,400	1,400			
Public Works—						
Harbourfront capital account ⁽²⁾	6,839,097	4,862,637	7,703,705	3,998,029	-2,841,068	-2,792,834
Supply and Services—						
Contractors' security deposits (departments and agencies)—						
Bonds	7,185,771	5,000,000	3,588,000	8,597,771	1,412,000	392,846
Less: securities held in trust	7,185,771	451,000	1,863,000	8,597,771	1,412,000	381,746
		5,451,000	5,451,000			11,100
Cash	20,411,683	22,359,956	21,260,001	21,511,638	1,099,955	-3,194,691
Certified cheques	3,048,214	573,555	565,074	3,056,695	8,481	-1,172,960
Less: securities held in trust	3,048,525	531,099	539,269	3,056,695	8,170	-1,172,455
	-311	1,104,654	1,104,343		311	-505
Royal Canadian Mint account	-113,906	26,294,543	26,724,524	-543,887	-429,981	-35,603,833
	20,297,466	55,210,153	54,539,868	20,967,751	670,285	-38,787,929
Total deposit accounts	174,484,325	3,101,275,907	3,162,781,256	112,978,976	-61,505,349	-522,154,375

TABLE 7.10

DEPOSIT AND TRUST ACCOUNTS—*Concluded*

	Net increase or decrease (—)					
	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	1990	
					1990	1989
	\$	\$	\$	\$	\$	\$
Trust accounts—						
Finance—						
Halifax 1917 explosion pension account . . .	807,754	80,621	131,849	756,526	-51,228	-61,737
Less: securities held in trust	100,000			100,000		
	707,754	80,621	131,849	656,526	-51,228	-61,737
Indian Affairs and Northern Development—						
Indian band funds—						
Capital accounts, Table 7.11	743,791,232	70,701,840	62,760,474	751,732,598	7,941,366	5,733,325
Revenue accounts, Table 7.12	101,656,724	104,476,406	102,504,864	103,628,266	1,971,542	-8,244,233
	845,447,956	175,178,246	165,265,338	855,360,864	9,912,908	-2,510,908
Indian estate accounts	18,568,573	6,637,651	6,529,373	18,676,851	108,278	101,359
Less: securities held in trust	113		1,700	1,813	1,700	
	18,568,460	6,637,651	6,531,073	18,675,038	106,578	101,359
Indian savings accounts	147,727,102	18,080,871	11,358,127	154,449,846	6,722,744	7,320,833
	1,011,743,518	199,896,768	183,154,538	1,028,485,748	16,742,230	4,911,284
National Defence—						
Estates—Armed services	265,011	1,520,600	1,566,132	219,479	-45,532	-22,521
Solicitor General—						
Canadian Security Intelligence						
Service—						
Meritorious graduate awards	13,585	1,540		15,125	1,540	1,141
Scholastic awards	16,889	1,874	900	17,863	974	595
Correctional Service—						
Inmates' trust fund	4,782,339	19,827,697	19,236,420	5,373,616	591,277	223,875
Royal Canadian Mounted Police—						
Benefit fund	2,169,801	317,626	165,648	2,321,779	151,978	51,171
	6,982,614	20,148,737	19,402,968	7,728,383	745,769	276,782
Transport—						
Canadian National (West Indies)						
Steamships Ltd ⁽²⁾	95,000			95,000		
Veterans Affairs—						
Administered trust accounts	19,590,016	5,564,645	6,847,814	18,306,847	-1,283,169	-2,978,232
Estates fund	1,000,841	1,855,489	2,373,862	482,468	-518,373	-135,308
Veterans administration and welfare						
trust fund	1,072,506	559,802	315,111	1,317,197	244,691	10,504
Less: securities held in trust	329,676	66,040	52,716	316,352	-13,324	-9,214
	742,830	625,842	367,827	1,000,845	258,015	19,718
Veterans care trust						
accounts	12,167,496	2,660,190	3,550,073	11,277,613	-889,883	-627,220
Less: securities held in trust	95			95		
	12,167,401	2,660,190	3,550,073	11,277,518	-889,883	-627,220
	33,501,088	10,706,166	13,139,576	31,067,678	-2,433,410	-3,721,042
Accounts without current transactions						-725,984
Total trust accounts	1,053,294,985	232,352,892	217,395,063	1,068,252,814	14,957,829	656,782
Total	1,227,779,310 ⁽¹⁾	3,333,628,799	3,380,176,319	1,181,231,790	-46,547,520	-521,497,593
Less: consolidation adjustment ⁽²⁾	6,934,097	26,656,417	7,703,705	25,886,809	18,952,712	-2,792,834
Total deposit and trust accounts	1,220,845,213	3,306,972,382	3,372,472,614	1,155,344,981	-65,500,232	-518,704,759

⁽¹⁾(a) Certain accounts having a total opening balance of \$36,264,262 reported in this table in 1988-89 are now shown in Table 7.14 in this section.

(b) Certain accounts having a total opening balance of \$3,337,363 reported in this table in 1988-89 are now shown in Table 5.7 (Section 5 of this volume).

⁽²⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Canadian Dairy Commission account

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the Financial Administration Act, and uses the Consolidated Revenue Fund for banking purposes. This account was established by Section 15 of the Canadian Dairy Commission Act, to record the Government's liability to the Commission.

Guarantee deposits—Canada Agricultural Products Standards Act

This account was established to record bonds deposited as guarantees required by the Canada Agricultural Products Standards Act and the Licensing and Arbitration Regulations.

Special account—Canadian Film Development Corporation

This account was established pursuant to Section 21 of the Financial Administration Act, to record a special deposit received by Telefilm Canada.

During the year, interest was credited to the account and charged to interest on public debt.

General security deposits

This account was established pursuant to Section 21 of the Financial Administration Act, to receive security deposits from transportation companies that do not pay fines when improperly documented passengers are brought in Canada.

Immigration guarantee fund

This account was established by Sections 18, 23, 92 and 103 of the Immigration Act, to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown.

Guarantee deposits—Oil and gas

This account records securities in the form of cash, promissory notes, letters of credit and letters of guarantee which are required to be issued to, and held by the Government of Canada pursuant to a signed Exploration Agreement in accordance with Section 74 of the Canada Petroleum Resources Act. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

Fairs and missions

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits which may be refunded, in part or in total, in accordance with contractual agreements concerning the participation of Canadian sector enterprises at international trade fairs.

Canadair Limited—Canada Development Investment Corporation

This account was established pursuant to Section 129(1) of the Financial Administration Act. This special purpose money is to be used to meet costs incurred on the sale of Canadair and

demand for payment by Bombardier pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of Canadair.

The de Havilland Aircraft of Canada, Limited—Canada Development Investment Corporation

This account was established pursuant to Section 129(1) of the Financial Administration Act. This special purpose money is to be used to satisfy demands for payment by the Boeing Company pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with the sale of the shares of The de Havilland Aircraft of Canada, Limited.

Crown corporations' surplus moneys

These accounts were established pursuant to Section 129(1) of the Financial Administration Act, to record moneys received from Crown corporations as directed by the Minister of Finance with the concurrence of the appropriate Minister. Interest can be paid in accordance with and at rates fixed by the Minister of Finance with the approval of the Governor in Council.

Field British Columbia and Yukon Operations of the Northern Canada Power Commission

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field British Columbia and Yukon Operations of the Northern Canada Power Commission.

Guarantee deposits—Indian Affairs and Northern Development

Pursuant to Section 8 of the Arctic Waters Pollution Prevention Act, Section 29 of the Northern Inland Waters Act and Sections 12 and 18 of the Territorial Lands Act, this account records cash and securities deposited as guarantees for oil, mineral and timber rights and licences. Interest is not allowed on cash deposits.

Guarantee deposits—Reserve resources

This account was established pursuant to Section 21 of the Financial Administration Act, to record cash and bond security deposits with respect to Indian reserve licences and contracts for the development of resources, pursuant to the provisions of Section 57 of the Indian Act.

During the year, interest was credited to the account and charged to interest on public debt.

Guarantee deposits—Rotating herds

This account was established pursuant to Section 21 of the Financial Administration Act, to record guarantee deposits given by Indians who sign herd agreements under the rotating herd program.

Indian contributions to the subsidy housing program

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by Indians, to ensure compliance with terms and conditions of the subsidy housing program.

Canada Post Corporation account

The Canada Post Corporation is a Crown corporation listed in Part I of Schedule III of the Financial Administration Act.

This account records the Government's liability to the Corporation.

During the year, interest was credited to the account and charged to interest on public debt.

Security for costs

This account records security to the value of \$500 deposited by the Appellant with the Registrar of the Supreme Court of Canada in accordance with Section 60(1)(b) of the Supreme Court Act. As per Section 66 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

Guarantee deposits—Customs and Excise

Pursuant to Section 166 of the Customs Act, cash and securities are collected to guarantee payment of customs duties and excise taxes on imported goods, and of sales and excise taxes payable by licensees.

Temporary deposits received from importers

This account was established pursuant to Section 21 of the Financial Administration Act, to record temporary security deposits received from importers to ensure compliance with various departmental (Customs and Excise) regulations regarding temporary entry of goods.

Candidates' election deposits

This account records candidates' election deposits, received in respect of a general election or by-elections, less amounts refunded to candidates, or transferred to non-tax revenue, pursuant to the provisions of the Canada Elections Act.

During the year, \$800 was transferred to non-tax revenue.

Harbourfront capital account

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from and held for Harbourfront Corporation regarding moneys derived from the capitalized leasing, sale or resale of lands or development rights.

During the year, interest was credited to the account and charged to interest on public debt.

Contractors' security deposits

This account was established pursuant to Section 20 of the Financial Administration Act, to record contractors' securities that are required for the satisfactory performance of work in accordance with the Government Contracts Regulations.

During the year, interest was credited to the account and charged to interest on public debt.

Royal Canadian Mint account

The Royal Canadian Mint is a Crown corporation listed in Part II of Schedule III of the Financial Administration Act.

This account records the Government's liability to the Mint.

The debit balance in the account was incurred when retroactive salary revisions were paid to employees as a result of collective bargaining.

Halifax 1917 explosion pension account

This account was established by Sections 4, 5 and 6 of the Halifax Relief Commission Pension Continuation Act, to provide for the continuation of pensions, grants and allowances following the dissolution of the Halifax Relief Commission.

During the year, interest was credited to the account and charged to interest on public debt.

Indian band funds

The Indian band funds were established by Sections 61 to 69 of the Indian Act and represent moneys belonging to Indian bands throughout Canada.

During the year, interest was credited to the account and charged to interest on public debt.

TABLE 7.11

INDIAN BAND FUNDS—CAPITAL ACCOUNTS

	1989-90	1988-89
	\$	\$
Opening balance	743,791,232	738,057,907
RECEIPTS AND OTHER CREDITS—		
Oil royalties	24,851,407	26,464,783
Gas royalties	37,118,895	40,975,231
British Columbia agreement	289,018	323,040
Land and other claim settlements	3,028,400	3,844,749
Sundries	5,414,120	7,876,247
	70,701,840	79,484,050
	814,493,072	817,541,957
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	12,010,916	19,255,134
Transfer pursuant to Section 64 of the Indian Act	46,236,509	52,593,676
Sundries	4,513,049	1,901,915
	62,760,474	73,750,725
Closing balance	751,732,598	743,791,232

TABLE 7.12

INDIAN BAND FUNDS—REVENUE ACCOUNTS

	1989-90	1988-89
	\$	\$
Opening balance	101,656,724	109,900,957
RECEIPTS AND OTHER CREDITS—		
Government interest	78,240,649	83,166,307
Land and other claim settlements	8,994,401	2,366,000
Sundries	17,241,356	13,227,665
	104,476,406	98,759,972
	206,133,130	208,660,929
PAYMENTS AND OTHER CHARGES—		
Per capita cash distribution	2,922,827	1,336,394
Transfer pursuant to Section 69 of the Indian Act	91,860,639	104,093,599
Sundries	7,721,398	1,574,212
	102,504,864	107,004,205
Closing balance	103,628,266	101,656,724

Indian estate accounts

These accounts were established by Sections 42, 43, 51 and 61 of the Indian Act, to record the estates of deceased Indians, minor Indian children who have guardians, or mentally incompetent Indians.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian savings accounts

Pursuant to Section 52 of the Indian Act, savings accounts are maintained for individual Indians.

During the year, interest was credited to the accounts and charged to interest on public debt.

Estates—Armed services

Pursuant to Section 42 of the National Defence Act, this account is credited with the service estates of deceased members of the Canadian Forces. Net assets of estates are distributed to legal heirs under the administration of the Judge Advocate General, in his capacity as Director of Estates.

Meritorious graduate awards

This account was established pursuant to Section 21 of the Financial Administration Act, to record a donation of \$11,000 to be used for the presentation of meritorious awards to graduating employees.

During the year, interest was credited to the account and charged to interest on public debt.

Scholastic awards

This account was established pursuant to Section 21 of the Financial Administration Act, to record a donation of \$15,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

During the year, interest was credited to the account and charged to interest on public debt.

Inmates' trust fund

Pursuant to Section 32 of the Penitentiary Regulations, this account is credited with moneys received from inmates at the time of incarceration, net earnings of inmates from employment inside institutions, moneys received for inmates while in custody, moneys received from sales of hobbycraft, money earned through work while on day parole, and interest. Payments to assist in the reformation and rehabilitation of inmates are charged to this account.

During the year, interest was credited to the account and charged to interest on public debt.

Benefit fund

Pursuant to Section 23 of the Royal Canadian Mounted Police Act, this account records moneys received by personnel of the Royal Canadian Mounted Police, in connection with the performance of duties, over and above their pay and allowances.

During the year, interest was credited to the account and charged to interest on public debt.

Canadian National (West Indies) Steamships Ltd

This account was established pursuant to Section 129(1) of the Financial Administration Act, to record a deposit by the Canadian National (West Indies) Steamships Ltd, covering a transfer of funds to be held pending the wind-up of the Corporation.

During 1985-86, the Corporation was authorized to be dissolved pursuant to the Crown Corporations Dissolution Authorization Act.

Administered trust accounts

Pursuant to Section 41 of the Pension Act and Section 15 of the War Veterans Allowance Act, these accounts are under the jurisdiction of the Canadian Pension Commission and the Department. Moneys held in these accounts include: (a) pensions placed under the administration of the Canadian Pension Commission; (b) war veterans and civilian war allowances and assistance fund payments placed under the administration of the Department of Veterans Affairs; and, (c) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated the inability to manage their own affairs.

Payments are made out of the accounts, to provide food, shelter, clothing, comforts and other necessities.

Estates fund

Pursuant to Sections 5, 6 and 7 of the Veterans' Estates Regulations, this account is credited with the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care. Individual accounts are maintained and payments are made to beneficiaries.

During the year, interest was credited to the account and charged to interest on public debt.

Veterans administration and welfare trust fund

Pursuant to Section 9 of the Guardianship of Veterans' Property Regulations, moneys held in this account include: (a) donations, legacies, gifts, bequests, etc, received, to be disbursed for the benefit of veterans or their dependents under certain conditions, and for the benefit of patients in institutions; and, (b) donations, legacies, gifts, bequests, etc, received by the Canadian Pension Commission, to be disbursed for the use of pensioners or dependents in distressed circumstances.

During the year, interest was credited to the account and charged to interest on public debt.

Veterans care trust accounts

Pursuant to Section 5 of the Department of Veterans Affairs Act, if the Minister of Veterans Affairs so directs, a client receiving adult residential care service or nursing home intermediate care service assigns or pays any or all of his income and resources, to be administered in the manner prescribed. Moneys held in these individual accounts may include: (a) war service gratuities held for mental, tubercular and other long-term treatment cases; (b) pensions paid by the Canadian Pension Commission; (c) war veterans and civilian war allowances; and, (d) income from other sources such as Old Age Security, Guaranteed Income Supplement and retirement pensions. The moneys are used to pay the charges for board and lodgings, and to provide clothing, comforts and other necessities.

Provincial Tax Collection Agreements Account

This account records income taxes collected by the Government of Canada on behalf of provinces and territories participating in the joint-collection provision of the Federal-Provincial Fiscal Arrangements Act, and related payments made to them.

Under the Federal-Provincial Fiscal Arrangements Act, the Government of Canada is empowered to enter into agreements with provincial and territorial governments, to collect income taxes on their behalf, and to make payments to them with respect to such taxes.

The Government of Canada entered into agreements with provinces and territories (Quebec excepted), to collect individual income tax, and, with provinces and territories (Ontario and

Quebec excepted), to collect corporation income tax, and, to pay in equal monthly instalments to such provinces and territories, the estimated revenue to be produced by the respective provincial and territorial taxes.

At the beginning of each year, the Minister of Finance estimates the amount of the payments, for the taxation year ending in that year, to provinces and territories that have entered into agreements. These estimates are adjusted to actual amounts at a later date. Adjustments are to be made not later than March 31 of the year following that in which the taxation year ends.

Table 7.13 presents a summary of the balances and transactions in the provincial tax collection agreements account.

TABLE 7.13

PROVINCIAL TAX COLLECTION AGREEMENTS ACCOUNT

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (–)	
	\$	\$	\$	\$	1990	1989
Corporation income taxes collected by National Revenue—						
Taxation	15,517,656,108	1,614,120,008	80,000	17,131,696,116	1,614,040,008	1,399,829,382
Less: payments to provinces and territories—						
Newfoundland	702,706,196	9,022,645	65,597,000	759,280,551	56,574,355	57,168,267
Prince Edward Island	127,524,890	7,695,551	16,971,000	136,800,339	9,275,449	23,530,909
Nova Scotia	1,126,218,637	3,806,904	132,965,000	1,255,376,733	129,158,096	152,620,993
New Brunswick	915,515,900		115,118,003	1,030,633,903	115,118,003	119,591,289
Manitoba	2,044,748,992	41,206,171	203,005,000	2,206,547,821	161,798,829	207,541,724
Saskatchewan	1,702,433,190	33,355,920	141,714,000	1,810,791,270	108,358,080	134,541,620
Alberta	2,523,013,280	1,340,271		2,521,673,009	–1,340,271	–12,495,164
British Columbia	6,018,450,887		666,300,254	6,684,751,141	666,300,254	600,269,686
Yukon Territory	23,260,333		6,514,908	29,775,241	6,514,908	5,981,337
Northwest Territories	97,782,324	197,920	14,167,000	111,751,404	13,969,080	–7,238,547
Total payments	15,281,654,629	96,625,382	1,362,352,165	16,547,381,412	1,265,726,783	1,281,512,114
Collections of corporation income tax on hand	236,001,479	1,710,745,390	1,362,432,165	584,314,704	348,313,225	118,317,268
Personal income taxes collected by National Revenue—						
Taxation	161,852,176,796	22,583,510,338	5,197,671	184,430,489,463	22,578,312,667	19,441,880,259
Less: payments to provinces and territories—						
Newfoundland	3,280,595,116		406,991,975	3,687,587,091	406,991,975	356,090,143
Prince Edward Island	656,577,590		99,389,064	755,966,654	99,389,064	86,004,838
Nova Scotia	6,257,048,465		802,327,475	7,059,375,940	802,327,475	740,553,764
New Brunswick	4,642,932,767		607,632,168	5,250,564,935	607,632,168	540,661,038
Ontario	84,749,391,538		13,517,770,573	98,267,162,111	13,517,770,573	11,686,834,568
Manitoba	7,644,012,401	23,233,033	962,085,000	8,582,864,368	938,851,967	913,985,473
Saskatchewan	7,800,898,703	14,936,031	913,352,000	8,699,314,672	898,415,969	850,328,621
Alberta	18,820,446,189		2,487,224,415	21,307,670,604	2,487,224,415	2,055,082,748
British Columbia	25,972,172,531		3,451,570,222	29,423,742,753	3,451,570,222	2,995,338,703
Yukon Territory	159,926,352		26,731,573	186,657,925	26,731,573	21,181,040
Northwest Territories	338,426,258	120,000	57,303,181	395,609,439	57,183,181	45,311,024
Total payments	160,322,427,910	38,289,064	23,332,377,646	183,616,516,492	23,294,088,582	20,291,371,960
Collections of personal income tax on hand	1,529,748,886	22,621,799,402	23,337,575,317	813,972,971	–715,775,915	–849,491,701
Total	1,765,750,365	24,332,544,792	24,700,007,482	1,398,287,675	–367,462,690	–731,174,433

Other Specified Purpose Accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts.

Table 7.14 presents a summary of the balances and transactions for all other specified purpose accounts.

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Insurance and death benefit accounts—						
Finance—						
Office of the Superintendent of Financial Institutions—						
Civil service insurance fund	11,798,297	393,714	723,373	11,468,638	-329,659	-198,734
National Defence—						
Regular forces death benefit account, Table 7.15	95,819,641	21,763,967	8,627,502	108,956,106	13,136,465	10,582,949
Treasury Board—						
Public Service death benefit account, Table 7.16	527,522,877	125,869,617	37,022,020	616,370,474	88,847,597	79,572,685
Veterans Affairs—						
Returned soldiers' insurance fund	749,223	2,209	87,837	663,595	-85,628	-107,709
Veterans insurance fund	21,210,168	707,703	1,608,198	20,309,673	-900,495	-928,067
	21,959,391	709,912	1,696,035	20,973,268	-986,123	-1,035,776
Total insurance and death benefit accounts	657,100,206	148,737,210	48,068,930	757,768,486	100,668,280	88,921,124
Pension accounts—						
Employment and Immigration—						
Annuities agents' pension account	24,028	7,247	13,084	18,191	-5,837	-5,573
Parliament—						
Members of Parliament retiring allowances account, Table 7.17	29,254,221	7,310,481	6,347,357	30,217,345	963,124	474,837
Solicitor General—						
Royal Canadian Mounted Police—						
Dependants' pension fund	17,905,337	1,945,285	775,522	19,075,100	1,169,763	1,124,716
Treasury Board—						
Locally-engaged contributory pension account	1,690,326	260,153	1,883,912	66,567	-1,623,759	-372,195
Retirement fund	5,303			5,303		
	1,695,629	260,153	1,883,912	71,870	-1,623,759	-372,195
Total pension accounts	48,879,215	9,523,166	9,019,875	49,382,506	503,291	1,221,785
Other accounts—						
Agriculture—						
Canada/Provinces						
livestock drought						
agreements	3,291,000	1,314,815	4,605,815		-3,291,000	3,291,000
Canada/Saskatchewan agricultural						
community water						
infrastructure	52,832	238,553	276,232	15,153	-37,679	342,446
Canagrex trust fund ⁽¹⁾	82,743	5,750	88,493		-82,743	
Carman diversion project		84,776		84,776		
Cost-shared agreements—Research	199,802	999,816	630,693	568,925	369,123	199,802
Fees paid in advance—Importation of						
foreign cattle ⁽³⁾						
Importation of Dutch bulbs ⁽³⁾	3,626,377	2,643,710	5,601,233	668,854	-2,957,523	3,833,248

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—Continued

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Communications—						
Canadian Film Development Corporation—						
Advance account ⁽⁴⁾	5,537,014	400,865		5,937,879	400,865	301,341
Canadian Radio-television and Telecommunications Commission—						
Shared-cost projects		4,095	660	3,435	3,435	
	5,537,014	404,960	660	5,941,314	404,300	301,341
Consumer and Corporate Affairs—						
Deposit account	173,892	1,067,001	1,046,680	194,213	20,321	13,812
Income from Patent Cooperation Treaty		308,602	196,525	112,077	112,077	
Income from securities in trust—Bankruptcy Act ⁽¹⁾	76,024	3,327		79,351	3,327	3,757
Securities in trust—Bankruptcy Act ⁽¹⁾	31,266			31,266		
Less: securities held in trust ⁽¹⁾	31,266			31,266		
Unclaimed dividends and undistributed assets—						
Bankruptcy Act ⁽¹⁾	2,697,638	1,014,294	187,629	3,524,303	826,665	—71,513
Canada Business Corporations Act ⁽¹⁾	96,394	122,106	1,744	216,756	120,362	
Winding-up Act ⁽¹⁾	692,625		162	692,463	—162	207,459
	3,736,573	2,515,330	1,432,740	4,819,163	1,082,590	153,515
Employment and Immigration—						
Canadian jobs strategy program	116,380	615,980	562,422	169,938	53,558	—409,843
Summer employment—Experience development program	107,334	565,230	674,126	—1,562	—108,896	102,385
Work orientation workshops program	25,500	167,039	192,539		—25,500	2,925
	249,214	1,348,249	1,429,087	168,376	—80,838	—304,533
Energy, Mines and Resources—						
Continental geoscience division—						
Ontario Hydro		117,779	64,185	53,594	53,594	
Geological survey of Canada—						
Research agreements		308,000		308,000	308,000	
Market development incentive payments—						
Alberta	28,502,749	636,275	1,796,650	27,342,374	—1,160,375	—881,838
Mineral and energy technology—						
Shared-cost project		30,000	30,000			
Miscellaneous projects deposits ⁽³⁾						
Nova Scotia offshore revenue account		75		75	75	
NYSERDA—Diesel technology Research and Development	56,636	136,386	114,032	78,990	22,354	53,248
	28,559,385	1,228,515	2,004,867	27,783,033	—776,352	—828,590
Environment—						
Forks sculpture contest account	94,923	20,000		114,923	20,000	94,923
Grassy Island National Historic Site		502,437	502,437			
Intervenor funding program		60,000	3,869	56,131	56,131	
Miscellaneous projects deposits	2,515,076	4,952,399	4,352,916	3,114,559	599,483	482,484
Parks Program—Mackenzie King trust account ⁽¹⁾	270,275	6,844	6,844	270,275		—6,669
	2,880,274	5,541,680	4,866,066	3,555,888	675,614	570,738

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
					1990	1989
	\$	\$	\$	\$	\$	\$
External Affairs—						
Canada Foundation account ⁽¹⁾	289,391	51,587	32,535	308,443	19,052	-71,982
Less: securities held in trust ⁽¹⁾	283,341	196,669	206,128	292,800	9,459	-32,614
deposits in a special bank account ⁽¹⁾	6,050	211,615	221,208	15,643	9,593	-39,368
		459,871	459,871			
Cost recoverable technical assistance program	50,114	155,018	148,168	56,964	6,850	-277,056
Economic summit account	10,223			10,223		10,223
Canadian International Development Agency—						
Guarantee deposits	74,025	9,043		83,068	9,043	-69,746
Canadian International Development Agency—						
International agencies—Travel account ⁽¹⁾	31,283		31,283		-31,283	
	165,645	623,932	639,322	150,255	-15,390	-336,579
Finance—						
Common school funds—Ontario and Quebec ⁽¹⁾	2,677,771			2,677,771		
Foreign claims fund ⁽¹⁾	142,696	19,505	6,750	155,451	12,755	-1,331
War claims fund—						
World War II ⁽¹⁾	4,116	22	13	4,125	9	37
	2,824,583	19,527	6,763	2,837,347	12,764	-1,294
Fisheries and Oceans—						
Great Lakes Fishery Commission—						
Lamprey research and control ⁽¹⁾	276,223	2,726,130	2,889,266	113,087	-163,136	132,721
Miscellaneous projects deposits	574,104	1,596,960	1,749,224	421,840	-152,264	304,636
	850,327	4,323,090	4,638,490	534,927	-315,400	437,357
Forestry—						
Miscellaneous projects deposits	158,163	445,698	487,480	116,381	-41,782	-15,340
National forestry awareness campaign	17,637		17,637		-17,637	-717,848
	175,800	445,698	505,117	116,381	-59,419	-733,188
Indian Affairs and Northern Development—						
Fines—Indian Act	511,351	68,696	51,462	528,585	17,234	-88,536
Indian agencies revenue trust bank accounts ⁽¹⁾	87,893	3,911,761	3,919,202	80,452	-7,441	-22,720
Less: deposits in special bank accounts ⁽¹⁾	87,893	3,919,202	3,911,711	80,402	-7,491	-22,920
		7,830,963	7,830,913	50	50	200
Indian band funds—						
Shares and certificates ⁽¹⁾	20,000			20,000		
Less: securities held in trust ⁽¹⁾	20,000			20,000		
Indian compensation funds ⁽¹⁾	170,928	17,353	215	188,066	17,138	13,875
Indian moneys suspense account ⁽¹⁾	8,724,354	10,597,200	9,181,212	10,140,342	1,415,988	-2,242,136
Indian special accounts ⁽¹⁾	1,078,965	456,542	355,324	1,180,183	101,218	123,915
1924 Ontario lands agreement ⁽¹⁾	6,158,732	625,269		6,784,001	625,269	1,779,183
	16,644,330	19,596,023	17,419,126	18,821,227	2,176,897	-413,499
Industry, Science and Technology—						
Tourism cost-sharing agreements		60,151		60,151	60,151	
Canadian Space Agency—						
Radarsat		5,481,310		5,481,310	5,481,310	
Statistics Canada—						
Advance payments	2,876,900	21,998,762	21,464,486	3,411,176	534,276	1,346,296
National Research Council—						
Trust fund	836,047	1,738,708	917,904	1,656,851	820,804	485,176
Special fund	6,400,000	19,150,374	18,650,374	6,900,000	500,000	2,100,000
Natural Sciences and Engineering Research Council—Trust fund ⁽¹⁾	517,861	635,150	815,164	337,847	-180,014	68,353
Science Council of Canada—						
Canada/Japan joint study	16,144		16,144		-16,144	16,144
	10,646,952	49,064,455	41,864,072	17,847,335	7,200,383	4,015,969

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Continued*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (–)	
	\$	\$	\$	\$	1990	1989
Justice—						
Federal Court of Canada—						
Federal Court special account ⁽¹⁾	9,790,571	3,693,848	4,066,923	9,417,496	-373,075	-360,910
Labour—						
Fair wages suspense account ⁽¹⁾	645	84,039	58,764	25,920	25,275	-19,465
Labour standards suspense account ⁽¹⁾	242,127	98,138	33,979	306,286	64,159	15,855
	242,772	182,177	92,743	332,206	89,434	-3,610
National Defence—						
Foreign governments—						
United Kingdom—						
British Army—Suffield, Alberta	21,196,735	201,159,764	216,349,991	6,006,508	-15,190,227	17,699,261
Other activities	5,696,574	86,290,082	93,276,268	-1,289,612	-6,986,186	3,200,705
United States of America	5,000,535	9,996,929	11,491,367	3,506,097	-1,494,438	2,995,718
Federal Republic of Germany—						
German Army—Shilo, Manitoba	7,461,979	94,220,150	99,432,166	2,249,963	-5,212,016	-233,984
Other activities	-8,214,298	174,779,967	167,509,066	-943,397	7,270,901	-15,385,021
Netherlands	2,539,655	98,977,805	96,138,259	5,379,201	2,839,546	1,622,665
North Atlantic Treaty Organization (NATO)—						
Infrastructure projects	9,090,124	689	4,363,553	4,727,260	-4,362,864	4,942,869
Non-government agencies	1,514,526	1,895,785	1,738,774	1,671,537	157,011	324,490
	44,285,830	667,321,171	690,299,444	21,307,557	-22,978,273	15,166,703
National Health and Welfare—						
Canadian Sports Pool Corporation—						
Other outstanding liabilities ⁽¹⁾	182,870		30,360	152,510	-30,360	-3,406
Computerized space programming method- ology	52,833	40,000	91,127	1,706	-51,127	50,772
Fire safety evaluation system for hospitals	16,929	35,000	43,980	7,949	-8,980	16,929
Miscellaneous federal/provincial projects		20,000	11,500	8,500	8,500	
National physician data base	50,700	77,600	16,035	112,265	61,565	50,700
"Nobody's perfect"—Shared-cost project	166,372	19,564	180,270	5,666	-160,706	166,372
Post-occupancy evaluation method- ology ⁽¹⁾	29,053	50,000	37,793	41,260	12,207	11,151
Review of liability and compen- sation issues in health care ⁽¹⁾	156,167		62,107	94,060	-62,107	-59,953
Safety evaluation of chemicals	6,308		1,404	4,904	-1,404	
World Health Organization	155,155	67,604	31,468	191,291	36,136	4,955
Medical Research Council—						
Dyskinesia and torticollis research ⁽¹⁾	83,056	9,297		92,353	9,297	-635
Farquharson scholarships ⁽¹⁾	3,479	66	3,480	65	-3,414	-5,587
	902,922	319,131	509,524	712,529	-190,393	231,298
Public Works—						
Shared-cost projects ⁽³⁾						
Secretary of State—						
Promotion of official languages		23,931	23,931			
Social Sciences and Humanities Research Council—						
Queen's Fellowship Fund	264,231	28,597	32,462	260,366	-3,865	-6,315
Trust fund	6,226	25,097	25,000	6,323	97	518
	270,457	77,625	81,393	266,689	-3,768	-5,797
Supply and Services—						
Interest on bonds—Insurance companies	-2,464,732	42,715,838	40,251,106		2,464,732	351,099
Military purchases excess funds deposit	379,844,560	3,480,397,348	3,482,655,632	377,586,276	-2,258,284	18,552,545
Less: securities held in trust	379,844,560	3,482,655,632	3,480,397,348	377,586,276	-2,258,284	18,552,545
		6,963,052,980	6,963,052,980			
Petro-Canada Enterprises Inc.—Shares ⁽¹⁾ ..	1,319,257		168,556	1,150,701	-168,556	-161,589
	-1,145,475	7,005,768,818	7,003,472,642	1,150,701	2,296,176	189,510

TABLE 7.14

OTHER SPECIFIED PURPOSE ACCOUNTS—*Concluded*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (—)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Transport—						
Cartierville Airport account	2,758,275	182,273	1,474,323	1,466,225	–1,292,050	–1,265,387
Veterans Affairs—						
Army benevolent fund ⁽¹⁾	759,947	497,250	589,011	668,186	–91,761	–90,713
Ste-Anne's Hospital ⁽¹⁾	–1,538	1,538			1,538	–2,409,366
	758,409	498,788	589,011	668,186	–90,223	–2,500,079
Accounts without current transactions						–3,371
Total other accounts	133,760,235	7,765,799,000	7,780,993,546	118,565,689	–15,194,546	18,142,842
Total	839,739,656 ⁽²⁾	7,924,059,376	7,838,082,351	925,716,681	85,977,025	108,285,751
Less: consolidation adjustment ⁽⁴⁾	5,537,014	400,865		5,937,879	400,865	301,341
Total other specified accounts	834,202,642	7,923,658,511	7,838,082,351	919,778,802	85,576,160	107,984,410

⁽¹⁾ This account was reported in Table 7.10 in 1988-89.

^{(2)(a)} Certain accounts having a total opening balance of \$11,573 reported in this table in 1988-89 are now shown in Table 8.4 (Section 8 of this volume).

^(b) Certain accounts having a total opening balance of \$174,278,894 reported in this table in 1988-89 are now shown in Table 5.7 (Section 5 of this volume).

⁽³⁾ A change in accounting policy affecting specified purpose accounts has been made in 1989-90. Further to the introduction of this change, this account no longer met the requirements of a specified purpose account and therefore the account was closed. The opening balance and the current year transactions have been transferred to non-tax revenue on a retroactive basis.

⁽⁴⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Civil service insurance fund

This fund was established by the Civil Service Insurance Act, to provide life insurance coverage for civil servants who bought policies before 1955-56. The purchase of policies was discontinued in 1954-55, pursuant to Section 62(2) of the Public Service Superannuation Act.

During the year, receipts and other credits consisted of premiums of \$11,593 and, an amount of \$382,120 (charged to budgetary expenditure) representing an adjustment to bring the balance in the fund into agreement with the actuarial valuation as at March 31, 1989. Payments and other charges consisted of death benefits, \$646,597; cash surrender value, \$45,167; annuities, \$31,505; and premium refunds, \$104.

Regular forces death benefit account

This account was established by the Canadian Forces Superannuation Act, to provide life insurance to contributing members of the Armed Forces. Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution (1/6 of benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act); (c) single premiums payable by the Government in respect of regular forces participants who become entitled to a basic benefit of \$500 without contribution; and, (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; (b) benefits paid in respect of elective regular forces participants, to whom pensions were not payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act, upon their retirement from the regular forces; and, (c) the portion of benefit payable for which a single premium has been paid by the Government.

TABLE 7.15**REGULAR FORCES DEATH BENEFIT ACCOUNT**

	1989-90	1988-89
	\$	\$
Opening balance	95,819,641	85,236,692
RECEIPTS AND OTHER CREDITS—		
Contributions by personnel	9,164,007	9,570,064
Government's contribution	1,465,596	1,550,708
Single premiums payable by the Government in respect of regular forces participants who became entitled to a basic benefit of \$500 without contribution	523,590	515,530
Interest	10,610,774	9,392,638
	21,763,967	21,028,940
	117,583,608	106,265,632
PAYMENTS AND OTHER CHARGES—		
Benefits paid in respect of participants who, at the time of death, were members of the regular forces, or who were elective regular forces participants, to whom pensions were payable under the Canadian Forces Superannuation Act or the Defence Services Pension Continuation Act	8,627,502	10,445,991
Closing balance	108,956,106	95,819,641

Public Service death benefit account

This account was established under the Public Service Superannuation Act, to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and, (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act; and, (b) benefits of \$500 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the Public Service Superannuation Act, and on whose behalf a single premium for \$500 death benefit coverage for life has been made.

TABLE 7.16**PUBLIC SERVICE DEATH BENEFIT ACCOUNT**

	1989-90	1988-89
	\$	\$
Opening balance	527,522,877	447,950,192
RECEIPTS AND OTHER CREDITS—		
Contributions—		
Employees—		
Government and Public service corporations	56,227,705	52,428,348
Government—		
One-sixth of benefit payments—		
General	6,028,585	5,172,588
Single premium for \$500	1,829,161	1,857,094
Public Service corporations	2,361,234	2,301,651
Interest	59,422,932	50,826,870
	125,869,617	112,586,551
	653,392,494	560,536,743
PAYMENTS AND OTHER CHARGES—		
Benefit payments—		
General	35,239,220	31,289,277
Life coverage of \$500	1,702,213	1,635,514
Other death benefit payments	80,587	89,075
	37,022,020	33,013,866
Closing balance	616,370,474	527,522,877

Returned soldiers' insurance fund

This fund was established by the Returned Soldiers' Insurance Act, to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1989 of \$2,209 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was August 31, 1933.

Veterans insurance fund

This fund was established by the Veterans' Insurance Act, to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 1989 of \$583,356 was credited to the account during the year and was charged to budgetary expenditure. The final date on which application for this insurance could have been received, was October 31, 1968.

Annuities agents' pension account

This account was established by Vote 181, Appropriation Act No 1, 1961, to provide pension benefits to former eligible Government employees who were engaged in selling Government annuities to the public.

During the year, interest was credited to the account and charged to interest on public debt.

Members of Parliament retiring allowances account

This account was established by the Members of Parliament Retiring Allowances Act, to provide pension benefits to eligible Members of Parliament who contributed to the plan. "Member" means a member of the Senate or House of Commons. Benefits are also available to widows and dependent children of members who served on or after April 9, 1963 and contributed under the Act.

Receipts and other credits consist of: (a) contributions reserved from current indemnities, based on the full amount paid; (b) contributions reserved from additional salaries, based on the percentage of contribution elected, up to 10% of the full amount of salary; (c) contributions for previous sessions, where members elect to pay arrears, and interest on arrears; (d) interest and mortality insurance on any unpaid balance, based on Canada Life Tables; (e) contributions by the Government, of an amount equal to contributions paid or which have become payable in the year; (f) interest credited quarterly; and, (g) the repayment of pensions after elections to transfer Members of Parliament retiring allowances to the Public Service Superannuation Account.

Payments and other charges consist of: (a) payments of annual allowances; (b) withdrawal allowances and related interest; (c) refunds of contributions which are in excess of the maximum required; and, (d) transfers of funds to the Public Service Superannuation Account.

TABLE 7.17

MEMBERS OF PARLIAMENT RETIRING ALLOWANCES ACCOUNT

	1989-90	1988-89
	\$	\$
Opening balance	29,254,221	28,779,384
RECEIPTS AND OTHER CREDITS—		
Members' contributions—		
Current	2,082,958	1,897,766
Arrears of principal, interest and mortality insurance	184,116	277,537
Government contributions—		
Current	2,082,958	1,897,766
Interest	2,960,449	2,950,677
	7,310,481	7,023,746
	36,564,702	35,803,130
PAYMENTS AND OTHER CHARGES—		
Annual allowances	6,347,357	6,548,909
Closing balance	30,217,345	29,254,221

Dependants' pension fund

This fund which pertains to Part IV of the Royal Canadian Mounted Police Pension Continuation Act, provides pension benefits to certain widows and other dependants of contributing members of the Royal Canadian Mounted Police. The fund is credited with a 5% contribution from the pay of members of the Force, other than commissioned officers. There are no longer any active contributing members.

During the year, interest was credited to the account and charged to interest on public debt.

Locally-engaged contributory pension account

This account, which pertains to Part II of the Locally-Engaged Pension Regulations, provides pension benefits to locally-employed Government employees who contributed to the plan. The account is credited with contributions from locally-engaged employees, and charged with the subsequent payment of benefits.

Retirement fund

This fund provides pension benefits to certain eligible Government employees who are not covered by the Public Service Superannuation Account and who contributed to the fund.

Contributions are made to the fund in the form of monthly deductions from the salaries of certain prevailing rate or seasonal and certain other employees. Other credits are interest at the rate of 4% per annum on the balance to the credit of each contributor, the off-setting charge being to interest on public debt. Payments and other charges represent payment of the amounts to the employees' credit upon resignation or death, or, if they become contributors to the Public Service Superannuation Account, transfers to that account.

Canada/Provinces livestock drought agreements

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments by the provinces of their share of the costs incurred under the livestock drought agreements. The account is reduced as payments are made to eligible livestock producers.

Canada/Saskatchewan agricultural community water infrastructure

This account was established pursuant to the 1984 Canada-Saskatchewan Subsidiary Agreement on Agricultural Community Water Infrastructure, to record deposits from the Province of Saskatchewan whenever a city or town is able to finance part of the water supply or water disposal facilities and separate construction is not possible. Money is paid out of the account as eligible billing costs are received.

Canagrex trust fund

This account was established pursuant to Section 21 of the Financial Administration Act, pursuant to legal requirements arising from the winding-up of the Corporation.

During the year, this account was closed.

Carman diversion project

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments received from the Government of Manitoba for their share of the costs incurred under the Carman diversion project. The project involves the construction of a water diversion canal on the Boyne River around the town of Carman, Manitoba. Money is paid out of the account as eligible billing costs are received.

Cost-shared agreements—Research

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by external parties for cost-shared research projects. Moneys are disbursed on behalf of the depositors as the specific projects are undertaken.

Fees paid in advance—Importation of foreign cattle

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits made in connection with the importation of foreign cattle, pregnancy tests on cattle, and applications for the registration of feeds, fertilizers and pesticides, which are credited to this account pending assessment of actual costs on completion of the particular services required.

On final accountability and at such time as the services are completed, the deposits are either credited to non-tax revenue, or are returned to the depositor.

Importation of Dutch bulbs

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits made in connection with the importation of Dutch bulbs. The inspections are made in Holland before the bulbs are containerized. When the inspections are completed, the actual fees are credited to non-tax revenue, with any excess returned to depositors.

Advance account—Canadian Film Development Corporation

This account was established pursuant to Section 21 of the Financial Administration Act, to reserve for use in future years moneys generated by projects funded by Telefilm Canada, and which, due to timing, remained unreinvested at year end.

Shared-cost projects—Canadian Radio-television and Telecommunications Commission

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments from private industry in support of the study on sex-roles in Canadian television programming.

Deposit account—Consumer and Corporate Affairs

This account was established pursuant to Sections 20 and 21 of the Financial Administration Act, to record moneys held in trust to defray the cost of services provided on a regular basis. No interest is credited to the account.

Income from Patent Cooperation Treaty

This account was established pursuant to Section 21 of the Financial Administration Act, and Section 12(3) of the Patent Corporation Treaty Regulations under the Patent Rules, to record the receipt and disposition of the various fees relating to applications for an international patent, in accordance with Rules 14, 15, 16 and 16^{bis} of the Regulations under the Income from Patent Cooperation Treaty.

Income from securities in trust—Bankruptcy Act

This account was established by Sections 78, 84, 154 and 194 of the Bankruptcy Act, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are now forwarded to the Superintendent of Bankruptcy for safekeeping.

Securities in trust—Bankruptcy Act

This account was established by Section 67 of the Bankruptcy Act, to record the value of securities originally held by a bankrupt stockbroker, on behalf of clients who have not been located.

Unclaimed dividends and undistributed assets—Bankruptcy Act

This account represents amounts credited to the Receiver General in accordance with the provisions of Section 154 of the Bankruptcy Act, pending distribution to creditors.

Unclaimed dividends and undistributed assets—Canada Business Corporations Act

This account was established in accordance with Sections 227 and 228 of the Canada Business Corporations Act, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

Unclaimed dividends and undistributed assets—Winding-up Act

This account records amounts credited to the Receiver General, in accordance with Sections 138 and 139 of the Winding-up Act, pending distribution.

Canadian jobs strategy program

The Canadian jobs strategy program is jointly funded by the federal and provincial governments.

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Summer employment—Experience development program

The summer employment—Experience development program is jointly funded by the federal and provincial governments.

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Work orientation workshops program

The work orientation workshops program is jointly funded by the federal and provincial governments.

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments made by provinces against their share of the cost of projects, and held in trust pending disbursements to project sponsors.

Continental geoscience division—Ontario Hydro

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate a cost sharing agreement between Energy, Mines and Resources and Ontario Hydro to acquire, compile, process and interpret seismic reflection data recorded in Lake Ontario, Lake Erie, and Lake Huron.

Geological survey of Canada—Research agreements

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the retention and disbursement of moneys received from private, industry, and other governments for joint project or cost sharing research agreements.

Market development incentive payments—Alberta

This account records moneys received from the Government of Alberta, to encourage the expansion of natural gas markets in provinces east of Alberta, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981 and pursuant to Section 39 of the Energy Administration Act. The original term of the agreement was from November 1, 1981 to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as at April 30, 1986, however, payments are being made from the account for the Natural Gas Vehicle Conversion and Natural Gas Fueling Station Programs.

Mineral and energy technology—Shared-cost project

This account was established pursuant to Section 21 of the Financial Administration Act, to facilitate the retention and disbursement of moneys received from private organizations and other governments for cost-sharing scientific projects.

Miscellaneous projects deposits—Energy, Mines and Resources

Accounts were established pursuant to Sections 20 and 21 of the Financial Administration Act, to record prepayments received from outside organizations and individuals for scientific services to be performed on a cost recovery basis. As work progresses, earned income is credited to non-tax revenue.

During the year, the account was closed.

Nova Scotia offshore revenue account

This account was established pursuant to Section 217 of the Canada-Nova Scotia Petroleum Resource Accord Implementation Act, to record amounts collected under the various tax agreements outlined in Part IV of the Act. Monies subsequently remitted to the Province of Nova Scotia are charged to this account.

NYSERDA—Diesel technology Research and Development

This account was established pursuant to Section 21 of the Financial Administration Act, to administer an advance payment from the New York State Energy Research and Development Authority (NYSERDA) with respect to demonstrating methanol diesel technology in the operation of transit buses. The advance was a condition of an agreement between the Department of Energy, Mines and Resources and NYSERDA.

Forks sculpture contest account

This account was established pursuant to Section 21 of the Financial Administration Act, for the purpose of accepting donations from large companies to sponsor a sculpture competition for the opening of the Fork National Historic Park in late 1988.

Grassy Island National Historic Site

This account was established pursuant to Section 21 of the Financial Administration Act, to accept donations from Strait of Canso Industrial Development authority to develop Grassy Island as National Historic Site. This donation will be used to pay for the cost of a new visitor reception centre including interpretive displays and site development on the mainland and island.

Intervenor funding program

This account was established pursuant to Section 21 of the Financial Administration Act, to record deposits received from provinces, territories or private organizations who provide funds for public participation in the review process of low-level flight training on a project basis through contribution agreements.

Miscellaneous projects deposits—Environment

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

Mackenzie King trust account

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. The amount of \$225,000 was credited to the account. Interest computed, in accordance with the terms of Section 3 of the Laurier House Act, is to be credited to the account at the end of each year, and charged to interest on public debt. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

During the year, interest of \$22,815 was credited hereto. In accordance with the Act, Public Works Canada is authorized to expend an annual sum not to exceed 70% of the interest earned in the previous year for the maintenance and upkeep of the buildings on the Laurier House property. Environment Canada is authorized to expend an annual sum not to exceed 30% of the interest earned for the maintenance of the Laurier House as a museum and study centre, and for the provision of sundry purchases therefrom, and the unspent balance of the interest earned be credited at the end of the year to non-tax revenue.

Canada Foundation account

This account was established by Vote 6g, Appropriation Act No 2, 1967, to record moneys received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

The account is maintained in Italian lira in the Banco di Roma, Italy, and all transactions recorded in foreign currencies during the year are converted at the rate of exchange prevailing at the close of the years (1989-90, 1 Lira/\$0.000941 Cdn; 1988-89, 1 Lira/\$0.000859 Cdn).

During the year, income derived from the operation of the account amounted to Lira 25,464,665—\$23,862 Cdn, and disbursements for cultural activities and administrative expenses were Lira 34,574,476—\$32,535 Cdn. Adjustment of the book value carried forward from the previous year resulted in valuation increases of \$27,043, to securities held in trust, and \$578 to cash on deposit. The closing balance consists of securities at cost and cash on deposit.

Cost recoverable technical assistance program

This account was established pursuant to Section 21 of the Financial Administration Act, to record prepayments and disbursements in respect of the costs pertaining to the provision of technical assistance to other countries by Canadian firms and institutions pursuant to agreements between the Government of Canada and other national governments.

During the year, interest was credited to the account and charged to interest on public debt.

Economic summit account

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received from the private sector and other public funded organizations. These donated funds were used to help defray the costs of special events at the Economic Summit held in Toronto, Ontario from June 19 to 28, 1988.

Guarantee deposits—Canadian International Development Agency

This account was established pursuant to Section 29 of the Financial Administration Act, to record cheques for insurance claims related to damages to "in transit" goods being shipped to the country specified in the loan agreement, pending the decision of the country on the use of these moneys, to reduce the loan balance or to purchase replacement goods.

International agencies—Travel account

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds made available by international agencies, to provide for payment of transportation of fellows and scholars who travel in Canada, under the sponsorship of such agencies.

During the year, this account was closed.

Common school funds—Ontario and Quebec

This account was established under 12 Victoria 1849, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,888, apportioned on the basis of population, is paid semi-annually to these provinces, at the rate of 5% per annum, and is charged to interest on public debt.

Foreign claims fund

This account was established by Vote 22a, Appropriation Act No 9, 1966, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and, (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966 relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

During the year, interest was credited to the account and charged to interest on public debt.

War claims fund—World War II

This account was established by Vote 696, Appropriation Act No 4, 1966, to record moneys received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50% of the original award (PC 1958-1467, October 23, 1958); and, (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

Great Lakes Fishery Commission—Lamprey research and control

This account was established pursuant to the Great Lakes Fisheries Convention Act, to record the outstanding financial obligations of the Government of Canada. The Department of Fisheries and Oceans is the agent of the Commission and is accountable for the discharge of the Commission's program in the Great Lakes involving sea lamprey eradication and related research.

Miscellaneous projects deposits—Fisheries and Oceans

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals, for the furtherance of research work.

Miscellaneous projects deposits—Forestry

This account was established pursuant to Section 21 of the Financial Administration Act, to record contributions received from organizations and individuals for the furtherance of forestry research work.

National forestry awareness campaign

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys to be used to make the Canadian public more aware of the economic importance of the forest sector and the impact that the forest industry has on the overall well-being of Canadians. This activity is funded by pooling a portion of the funds of all federal-provincial forestry agreements. Deposits to this account constitute the province's share of the awareness campaign.

Fines—Indian Act

Fines collected under Sections 85.1 and 104 of the Indian Act, in connection with liquor prosecutions, and band bylaws, are credited to this account. Expenditures cover certain costs incurred in the suppression of the liquor traffic among the Indians of Canada.

Indian agencies revenue trust bank accounts

This account was established pursuant to Section 20 of the Financial Administration Act, to record moneys held for Indians in authorized banks across Canada. These moneys include such items as deceased estates, deposits and payments on leases held for individual Indians, and those to be split between individual Indians and Indian bands.

Indian band funds—Shares and certificates

This account was established by Section 61 of the Indian Act, to record the historical value of Transalta Utilities Ltd shares of stock as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General of Canada for the credit of the Blood Indian Band. Any dividends received are credited to the revenue account of the Blood Indian Band.

Indian compensation funds

Pursuant to Sections 35 and 61 of the Indian Act, moneys received from the sale of Indian lands and easement compensation, where the title has not been cleared nor the land survey completed, are recorded in this account pending completion of documentation.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian moneys suspense account

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys held for individuals and bands, received from rentals and leases of Indian lands, such as agricultural leases, easements, oil and gas leases and permits, etc, pending proper documentation.

During the year, interest was credited to the accounts and charged to interest on public debt.

Indian special accounts

Pursuant to Section 52 of the Indian Act and Section 21 of the Financial Administration Act, these Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purposes and include the following:

- (a) *Absent or missing heirs*—Assets in an estate to which a missing heir might be entitled are held in this account for a period of seven years, after which time, if the heirs are not located, the assets are distributed to other persons according to entitlement.
- (b) *Abitibi fur preserve*—This account records moneys received from the sale of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallowmen's wages, freight costs, etc.
- (c) *Abitibi fishery*—This account records charges for the operation of the Abitibi sturgeon fish catching project.
- (d) *Indian off-reserve housing*—This account records personal contributions held in trust until paid to the vendor, the builder or legal representative.

1924 Ontario lands agreement

This account was established pursuant to Section 21 of the Financial Administration Act, to record the Province of Ontario's share of the receipts from mineral activity on Indian reserves in accordance with the terms of the 1924 Ontario lands agreement. Payment of these funds to Indian bands is awaiting the passage of federal and provincial legislation to enact a new Indian Lands Agreement for Ontario.

During the year, interest was credited to the accounts and charged to interest on public debt.

Tourism cost-sharing agreements

This account was established pursuant to Section 21 of the Financial Administration Act, to record amounts deposited by external agencies for cost-shared studies. Moneys are disbursed on behalf of the depositors as the specific studies are undertaken.

Radarsat

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received for both cost-sharing and advance payments for Radarsat scenes.

Advance payments—Statistics Canada

This account was established pursuant to Section 21 of the Financial Administration Act, to record advance payments received from departments, agencies and others to finance the cost of special statistical services.

Trust fund—National Research Council

This account was established by the National Research Council Act, to record funds received from departments and agencies and public organizations, to cover expenditures made on their behalf.

Special fund—National Research Council

This account was established by the National Research Council Act, to record revenue received by the National Research Council of Canada in the amount of \$19,150,374, derived from laboratory fees, \$9,738,106; capital, \$976,000; information services, \$2,927,814; sales of publications, \$4,294,366; and, miscellaneous receipts, \$1,214,088. An amount of \$18,650,374 was charged hereto, of which an amount of \$17,674,374 was credited to National Research Council Vote 65, and \$976,000 to National Research Council Vote 70, to offset expenditures.

Trust fund—Natural Sciences and Engineering Research Council

This account was established by Section 27 of the Government Organization (Scientific Activities) Act, 1976, to record funds received from other governments and organizations, to cover expenditures made on their behalf, and to record this agency's liability to other organizations.

During the year, interest was credited to the account and charged to interest on public debt.

Canada/Japan joint study

This account was established pursuant to Section 21 of the Financial Administration Act and Section 15 of the Science Council of Canada Act, to record moneys received from Japan to be used for the joint study on cooperation in the field of science and technology between Canada and Japan.

Federal Court special account

This account was established pursuant to Section 21 of the Financial Administration Act, to maintain accounts on behalf of litigants before the Court. These accounts record the moneys paid into the Federal Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held in trust pending payment of such moneys, in accordance with a judgment of the Court.

During the year, interest was credited to the account and charged to interest on public debt.

Fair wages suspense account

This account is operated under the authority of Section 13 of the Fair Wages and Hours of Labour Regulations. Where an investigation in respect of a contract on Government works results in an award of wages, the amount received from the contractor is credited to this account, and is subsequently distributed to employees.

The account also records amounts received from departments and agencies, representing wages in respect of contracts, withheld from final payment to contractors.

Labour standards suspense account

This account is operated under the authority of the Canada Labour Code, Part III, Section 251, and the Canada Labour Standards Regulations Section 23.

The account records:

- (a) funds received from employers as a result of assessments made by inspectors regarding underpayments of minimum wages, overtime, vacation pay, holiday pay, termination, severance or bereavement pay. The assessments are payable either directly to the employee, or to the Minister of Labour who is required to transmit the payment to the employee;
- (b) payments received from employers who are in arrears in paying their employees. Such amounts are repaid to employees; and,
- (c) wages received by the Minister of Labour from employers who cannot locate employees. Efforts are then made to locate employees.

Foreign governments

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record funds received from foreign governments, to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

The debit balance in some accounts is the result of a processing delay and will be cleared in the new fiscal year.

North Atlantic Treaty Organization (NATO)

These accounts were established pursuant to Section 21 of the Financial Administration Act, to record funds received from NATO to cover (a) NATO infrastructure projects implemented by Canada, and, (b) other expenditures to be made on NATO's behalf, in accordance with the terms of an agreement with the Government of Canada.

Non-government agencies

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

Canadian Sports Pool Corporation—Other outstanding liabilities

This account was established pursuant to Section 21 of the Financial Administration Act, to record moneys received at the dissolution of the Canadian Sports Pool Corporation which are used to pay any liabilities of the Corporation.

Computerized space programming methodology

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a cost-sharing agreement with provinces (except Quebec) and territories to computerize the Hospital Space Programming Methodology series. Contributions are made by provinces to the account in proportion to population.

Fire safety evaluation system for hospitals

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under a cost-shared agreement for an evaluation of fire safety systems for hospitals.

Miscellaneous federal/provincial projects—National Health and Welfare

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial projects in the areas of hospital administration, hospital facilities design and other related health issues.

National physician data base

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under a cost-shared agreement for the development of a national physician data base.

"Nobody's perfect"—Shared-cost project

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a federal-provincial cost-sharing agreement for a cooperative project on parenting.

Post-occupancy evaluation methodology

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to the provinces' share of costs incurred under a cost-sharing agreement with provinces (except Quebec) and territories for a project entitled "Development of a post-occupancy evaluation methodology for hospitals".

Review of liability and compensation issues in health care

This account was established pursuant to Section 21 of the Financial Administration Act, to record transactions relating to funds provided by the provinces and territories under a cost-shared arrangement for a review of liability and compensation issues in health care.

Safety evaluation of chemicals

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received and payments made to organizations and individuals providing services on behalf of the Scientific Group on Methodologies for the Safety Evaluation of Chemicals in accordance with the specific purposes identified by the Group.

World Health Organization

This account was established pursuant to Section 21 of the Financial Administration Act, to record funds received from the World Health Organization, for scientific projects.

Dyskinesia and torticollis research

This account was established by Section 15 of the Medical Research Council Act, to record a bequest of \$75,000 made by an anonymous donor, to establish a fund for research in the fields of dyskinesia and torticollis. The interest received is used for the payment of research grants. Other donations are also credited to this fund.

During the year, interest was credited to the account and charged to interest on public debt.

Farquharson scholarships

This fund was established by Section 15 of the Medical Research Council Act, to record an award received from the St Boniface General Hospital Research Foundation. The fund will provide research scholarships to undergraduate medical students and graduate high school students.

During the year, interest was credited to the account and charged to interest on public debt.

Shared-cost projects—Public Works

This account was established pursuant to Section 21 of the Financial Administration Act, to record the receipt, in advance, of moneys from departments and agencies and others, for their share of certain shared-cost projects.

Promotion of official languages

This account was established pursuant to Section 21 of the Financial Administration Act, to provide members of the private sector with language instruction using federal Government facilities and Public Service Commission instructors.

Advance payments from the private sector are credited to the account, and charges by the Public Service Commission for its services are charged thereto.

Queen's Fellowship fund—Social Sciences and Humanities Research Council

This fund is an endowment of \$250,000 that was established by Vote 45a, Appropriation Act No 5, 1973-74. The income is used for the payment of scholarships to graduate students in certain fields of Canadian studies.

During the year, interest was credited to the account and charged to interest on public debt.

Trust fund—Social Sciences and Humanities Research Council

This account was established pursuant to Section 21 of the Financial Administration Act, to record receipts and disbursements of funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations and disbursements for the purpose of special projects.

During the year, interest was credited to the account and charged to interest on public debt.

Interest on bonds—Insurance companies

This account is credited with the proceeds from interest coupons on bonds deposited by insurance companies under the Canadian and British Insurance Companies Act. Debits represent the payment of the same interest to the insurance companies.

Military purchases excess funds deposit

This account was established by a written agreement between Canada and the United States, to record temporarily unutilized funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

Petro-Canada Enterprises Inc—Shares

This account was established pursuant to Section 21 of the Financial Administration Act, to record the liability to shareholders who have not presented their shares for payment. The closing balance represents 9,578 shares of Petro-Canada Enterprises Inc at \$120.14 per share.

Cartierville Airport account

In accordance with Section 21 of the Financial Administration Act, and following the sale of the Cartierville Airport by the Government to Canadair Limited, this special account was established to hold in deposit \$5,000,000 and to record in the same account the interest earned as approved by the Minister of Finance.

Periodically, this account will be debited with payments to Canadair Limited to reimburse them for repairs and improvement expenses incurred at the Cartierville Airport.

Army benevolent fund

Pursuant to Section 3 of the Army Benevolent Fund Act, this account was credited with certain canteen profits and other funds from World War II. Interest at the rate of 12.62% per annum is credited semi-annually for the period June 29, 1985 to June 28, 1990, on the minimum monthly balances.

Payments are made out of the fund to or for the benefit of World War II veterans or their dependents or the widows, children or other dependents of deceased veterans.

During the year, interest was credited to the account and charged to interest on public debt.

Ste-Anne's Hospital

Pursuant to Section 9 of the Guardianship of Veterans' Property Regulations, this account records moneys deposited for safekeeping by patients in the veterans' hospital in Ste-Anne-de-Bellevue, Quebec.

During the year, this account was closed.

SUPPLEMENTARY STATEMENTS

Canada Pension Plan Account and the Canada Pension Plan Investment Fund

MANAGEMENT RESPONSIBILITY STATEMENTS

The accompanying statements are the responsibility of the management of the Canada Pension Plan. The statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund have been prepared by management in accordance with the accounting policies set out in Note 2 to the statements applied on a basis consistent with that of the preceding year.

Preparation of financial information is an integral part of management's broader responsibility for the ongoing operations of the Account and Fund. Management maintains books of account, and a system of financial and management control augmented by the maintenance of an internal audit program; together with management practices designed to provide reasonable assurance that reliable and accurate financial information is available on a timely basis, that assets are safeguarded and controlled, that resources are managed economically and efficiently, that operations are carried out effectively and the transactions are in accordance with the Canada Pension Plan and Regulations.

The Auditor General of Canada conducts an independent examination of these statements and reports on his examination to the Minister of National Health and Welfare.

J. G. Soar
Assistant Deputy Minister
Income Security Programs

Richard Dicerri
for Margaret Catley-Carlson
Deputy Minister

AUDITOR'S REPORT

TO THE MINISTER OF NATIONAL HEALTH AND WELFARE

I have examined the statements of the Canada Pension Plan Account and the Canada Pension Plan Investment Fund for the year ended March 31, 1990. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these statements present fairly the balance and changes of the Account and the Fund for the year ended March 31, 1990 in accordance with the accounting policies set out in Note 2 to the statements applied on a basis consistent with that of the preceding year.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 17, 1990

STATEMENT OF THE CANADA PENSION PLAN ACCOUNT FOR THE YEAR ENDED MARCH 31, 1990 (in thousands of dollars)

	1990	1989
Amounts credited		
Contributions—Employees, employers and self-employed	7,278,667	6,248,267
Interest (Note 3)	4,181,861	3,912,264
	<u>11,460,528</u>	<u>10,160,531</u>
Amounts charged		
Benefits		
Retirement pensions	6,290,188	5,569,542
Disability pensions	1,470,123	1,319,436
Survivors' pensions	1,335,545	1,201,243
Death benefits	149,088	138,528
Orphans' benefits	126,374	124,305
Disabled contributors' child benefits	101,637	91,989
	<u>9,472,955</u>	<u>8,445,043</u>
Expenses (Note 4)		
Administration	58,429	55,060
Collection of contributions	52,533	48,174
Cheque issue and computer services	25,108	23,849
Accommodation	6,700	4,552
Assignment of social insurance numbers and maintenance of central index	1,751	1,602
Actuarial services	565	445
	<u>145,086</u>	<u>133,682</u>
	<u>9,618,041</u>	<u>8,578,725</u>
Increase in balance	1,842,487	1,581,806
Balance at beginning of year	37,602,882	36,021,076
Balance at end of year	<u>39,445,369</u>	<u>37,602,882</u>
Represented by:		
Canada Pension Plan Investment Fund	36,483,062	35,063,117
Operating balance on deposit with the Receiver General for Canada	2,962,307	2,539,765
	<u>39,445,369</u>	<u>37,602,882</u>

Approved on behalf of the Department of National Health and Welfare:

J. G. SOAR
Assistant Deputy Minister
Income Security Programs

RICHARD DICERRI
for MARGARET CATLEY-CARLSON
Deputy Minister

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

STATEMENT OF THE CANADA PENSION PLAN INVESTMENT FUND FOR THE YEAR ENDED MARCH 31, 1990 (in thousands of dollars)

	Balance at beginning of year	Amounts charged— Purchases	Amounts credited— Redemptions	Balance at end of year
Investment in securities (Note 5)				
Provinces and territory				
Newfoundland	727,941	45,188	15,557	757,572
Prince Edward Island	154,733	10,544	3,240	162,037
Nova Scotia	1,365,521	85,218	34,566	1,416,173
New Brunswick	1,003,721	64,307	24,216	1,043,812
Quebec	128,398	6,099	3,078	131,419
Ontario	16,078,223	1,086,695	445,777	16,719,141
Manitoba	1,911,909	114,972	47,683	1,979,198
Saskatchewan	1,577,117	101,867	40,357	1,638,627
Alberta	4,209,336	311,940	76,618	4,444,658
British Columbia	4,896,892	345,289	128,135	5,114,046
Yukon Territory	3,726			3,726
	32,057,517	2,172,119	819,227	33,410,409
Canada	3,005,600	71,112	4,059	3,072,653
	35,063,117	2,243,231	823,286	36,483,062

Approved on behalf of the Department of National Health and Welfare:

J. G. SOAR
Assistant Deputy Minister
Income Security Programs

RICHARD DICERNI
for MARGARET CATLEY-CARLSON
Deputy Minister

NOTES TO STATEMENTS FOR THE YEAR ENDED MARCH 31, 1990

1. (a) Description and authority

The Canada Pension Plan is a 1965 Act of Parliament, to establish a comprehensive program of old age pensions and supplementary benefits in Canada, payable to, and in respect of, contributors. This compulsory and contributory social insurance plan (the Plan) enables members of the labour force to acquire and retain protection for themselves and their families against loss of income due to retirement, disability or death. The Plan applies in all parts of Canada, except for the Province of Quebec which has a parallel plan.

Under the existing Canada Pension Plan legislation, benefits and costs incurred in the administration of the Plan are financed from the contributions made by employees, employers and self-employed persons and from interest earned on the investment of funds not immediately needed for benefits and administrative costs.

The Canada Pension Plan Account (the Account) was established in the accounts of Canada by Section 108.(1) of the Canada Pension Plan to record the contributions, interest, benefits and expenses of the Plan. The authority to pay

benefits under the Plan is limited to the balance of the Account which was \$39,445 million at March 31, 1990.

The Canada Pension Plan Investment Fund (the Fund) was established in the accounts of Canada by Section 109.(1) of the Canada Pension Plan to record the investment in securities of the provinces, territories and Canada.

(b) Financing

The Canada Pension Plan was amended by Bill C-116 with effect from January 1, 1987. The revised legislation requires that the first review of the 25 year schedule of contribution rates shall take place prior to January 1, 1992, and all subsequent reviews shall take place every fifth year thereafter. Based on this review, the Minister of Finance and ministers of the Crown from the included provinces and territories shall review the rates set out in the schedule, and make recommendations as to whether those rates should be changed and as to whether the schedule should be amended to include contribution rates for an additional five years.

Canada Pension Plan Account and the Canada Pension Plan Investment Fund—Continued

NOTES TO STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1990—Continued

Any major amendments to the Plan that would alter the general level of benefits or the rate of contributions, requires agreement by at least two-thirds of the 10 provinces having an aggregate of not less than two-thirds of the population.

The current schedule of contribution rates provides for an increase, from the 1986 rates of 3.6%, progressively by 0.2 percentage points each year until 1991, and by 0.15 percentage points thereafter until 2011, when it will reach 7.6%.

The Minister of Finance, and ministers of the Crown from the included provinces and territories, are currently reviewing the contribution rates in line with statutory requirements. This review will be completed in time to put the new 25 year contribution rate schedule into effect by January 1, 1992.

The most recent Actuarial Report as at December 31, 1988, by the Chief Actuary of the Office of the Superintendent of Financial Institutions, reveals that the desirable 2:1 ratio (to be maintained in accordance with the provisions of section 113.1 (4) (c) of the revised legislation) of the Canada Pension Plan Account balance to projected annual payments, will be maintained until 1999. This report was tabled in Parliament in January 1990.

2. Accounting policies

Canada Pension Plan Account

The amounts credited and charged to the Account are in accordance with Sections 108.(2) and 108.(3) of the Canada Pension Plan, respectively. Contributions, interest and benefits are recorded on a cash basis. Contributions are received from Revenue Canada—Taxation based on estimates of collections for the current year and adjustments to the estimates of prior years. Expenses are recorded on an accrual basis. The balance of the Account represents the accumulated excess of contributions and interest over benefits and expenses to date.

Canada Pension Plan Investment Fund

The amounts charged and credited to the Fund are in accordance with Section 109.(2) of the Canada Pension Plan. All securities held are carried at cost, are non-negotiable and have a term of 20 years or such lesser period as may be determined by the Minister of Finance on the recommendation of the Chief Actuary of the Office of the Superintendent of Financial Institutions.

3. Interest

	1990	1989
	(in thousands of dollars)	
Interest on investment in securities held by the Fund.		
Provinces and territory		
Newfoundland	79,955	76,769
Prince Edward Island	17,074	16,301
Nova Scotia	150,431	142,948
New Brunswick	109,540	105,125
Quebec	13,014	12,675
Ontario	1,767,892	1,718,713
Manitoba	207,526	199,897
Saskatchewan	172,190	165,306
Alberta	465,534	440,428
British Columbia	538,761	519,183
Yukon Territory	360	360
Canada	3,522,277	3,397,705
	303,628	264,133
	3,825,905	3,661,838
Interest on operating balance on deposit with the Receiver General for Canada, at a weighted average rate of 11.98% (1989: 9.70%)	355,956	250,426
	4,181,861	3,912,264

The weighted average rate of interest on securities purchased during the year was 9.90% (1989: 10.08%).

4. Expenses

Expenses of the Account represent the costs of administration charged by six federal government departments: Health and Welfare (administration); Revenue Canada—Taxation (collection of contributions); Supply and Services (cheque issue and computer services); Public Works (accommodation); Employment and Immigration (assignment of social insurance numbers and maintenance of central index); and, the Office of the Superintendent of Financial Institutions (actuarial services).

5. Investment in securities

Operating balances on deposit with the Receiver General in excess of estimated cash requirements for the following three-month period are available for purchases of securities of the provinces, territories and Canada. As required by the Canada Pension Plan, the monies available for security purchases are allocated to the provinces and territories based on the proportion of contributions credited to the Account during the preceding 10 years in respect of employment in a given province or a territory to the total contributions in those years. The portion attributed to certain other employees outside Canada continues to be invested in securities of Canada.

The securities of Quebec relate to the contributions of certain federal employees, such as members of the Canadian Armed Forces, who are residents in the Province of Quebec.

**Canada Pension Plan Account and the Canada
Pension Plan Investment Fund—*Concluded***

NOTES TO STATEMENTS

FOR THE YEAR ENDED MARCH 31, 1990—*Concluded*

6. Contingency

Two legal actions are pending in the Federal Court of Canada, Trial Division citing the Canadian Charter of Rights and Freedoms. These actions, by claimants for survivor benefits, allege that certain provisions of the Canada Pension Plan legislation discriminate on the basis of age. The estimated claim for these actions is \$34,484. If they are successful, similar claims against the Canada Pension Plan Account could arise amounting to \$170 million.

Government Annuities Account

AUDITOR'S REPORT

TO THE MINISTER OF EMPLOYMENT AND IMMIGRATION

I have examined the balance sheet of the Government Annuities Account as at March 31, 1990 and the statements of operations and actuarial reserves and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Account as at March 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Account that have come to my notice during my examination of the financial statements have, in all significant respects, been in accordance with section 15 of the Government Annuities Act, section 15 of the Government Annuities Improvement Act, and the Regulations.

Raymond Dubois, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 2, 1990

BALANCE SHEET AS AT MARCH 31, 1990 (in thousands of dollars)

ASSETS	1990	1989	LIABILITIES	1990	1989
Deposit with Receiver General for Canada ..	844,432	882,943	Actuarial surplus due to Canada	2,513	3,052
Accrued interest due from Canada	62,232	65,224	Actuarial reserves (Note 3)	904,327	945,224
Accounts receivable	176	109			
	906,840	948,276		906,840	948,276

Approved by the Canada Employment and Immigration Commission:

A. KROEGER
Chairman

H. BRAITER
Executive Director
Finance and Administration

Government Annuities Account—Continued

STATEMENT OF OPERATIONS AND ACTUARIAL RESERVES
FOR THE YEAR ENDED MARCH 31, 1990
(in thousands of dollars)

	1990	1989
Payments and other charges		
Annuity payments	99,072	100,077
Premium refunds	1,654	2,000
Unclaimed annuities	279	223
	101,005	102,300
Income		
Interest from Canada	62,232	65,224
Premiums	349	458
Other	40	78
	62,621	65,760
Excess of payments and other charges over income for the year	38,384	36,540
Actuarial reserves, balance at beginning of the year	945,224	984,816
	906,840	948,276
Actuarial surplus—Excess of recorded actuarial reserves over calculated actuarial reserves at end of the year	2,513	3,052
Actuarial reserves, balance at end of the year (Note 3)	904,327	945,224
Accumulated premiums and accrued interest for unmatured annuities	221,684	249,616
Present value of matured annuities	682,643	695,608
Total actuarial reserves (Note 3)	904,327	945,224

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1990
(in thousands of dollars)

	1990	1989
Funds were used for:		
Operations		
Excess of payments and other charges over income for the year	38,384	36,540
Decrease in accrued interest and accounts receivable	-2,925	-2,646
	35,459	33,894
Actuarial surplus remitted to Consolidated Revenue Fund	3,052	2,737
Total funds used	38,511	36,631
Deposit with Receiver General for Canada, balance at beginning of the year	882,943	919,574
Deposit with Receiver General for Canada, balance at end of the year	844,432	882,943

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1990

1. Authority and purpose

The Government Annuities Account was established in 1908 by the Government Annuities Act, (the "Act"), as modified by the Government Annuities Improvement Act, (the "Improvement Act").

The purpose of the Act was to assist individuals and groups of Canadians to provide for their later years by purchasing Government annuities. The Improvement Act increased the rate of return on Government annuity contracts to a rate of seven percent, increased their flexibility and discontinued future sales.

The Account is administered by the Canada Employment and Immigration Commission and operates through the Consolidated Revenue Fund.

2. Significant accounting policies

(a) Basis of accounting

The accounts of the Government Annuities Account are maintained on an accrual basis.

(b) Actuarial reserves

Actuarial reserves comprise: (i) in respect of unmatured annuities, accumulated premiums and accrued interest, and (ii) in respect of matured annuities, the present value of such annuities actuarially determined on the basis of such rate or rates of interest and mortality tables as is prescribed.

(c) Actuarial surplus due to Canada

If at the end of any fiscal year the recorded amount of actuarial reserves exceeds or is less than the calculated amount of actuarial reserves, the difference results in an actuarial surplus or deficit which is remitted to or recovered from the Consolidated Revenue Fund.

(d) Interest from Canada

Interest from Canada is calculated on actuarial reserves as prescribed by the Improvement Act.

(e) Unclaimed annuities

Unclaimed annuities represent amounts transferred to the Consolidated Revenue Fund in respect of annuities that could not be paid because the annuitants could not be located.

(f) Services provided without charge

Administrative services are provided to the Account by the Canada Employment and Immigration Commission and by other Government departments without charge.

Government Annuities Account—Concluded**NOTES TO FINANCIAL STATEMENTS****MARCH 31, 1990—Concluded****3. Actuarial reserves**

The method utilized to calculate the actuarial reserves of \$904,327,000 (1989—\$945,224,000) is in accordance with subsection 15(1) of the Government Annuities Improvement Act and the Regulations pertaining thereto.

The Government Annuities Regulations provide that the Mortality Tables to be used in determining the values of annuities shall be the Annuity Tables for 1949 modified by Projection Scale C.

The Commission undertakes an annual review of mortality experience to monitor the appropriateness of the mortality tables for valuation purposes. The results of the last study, completed in March 1990, indicate that the mortality tables in use continue to be appropriate for such purposes.

Royal Canadian Mounted Police (Dependants) Pension Fund

AUDITOR'S REPORT

TO THE SOLICITOR GENERAL OF CANADA

I have examined the statement of revenues, expenditures and fund balance of the Royal Canadian Mounted Police (Dependants) Pension Fund for the year ended March 31, 1990. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this financial statement presents fairly the revenues and expenditures of the Fund and its balance for the year ended March 31, 1990 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

D. Larry Meyers, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 16, 1990

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCE FOR THE YEAR ENDED MARCH 31, 1990

	1990	1989
	\$	\$
Revenues		
Interest	1,944,047	1,832,113
Contributions	19,917	23,331
	<u>1,963,964</u>	<u>1,855,444</u>
Expenditures		
Pensions	758,279	713,258
Contributions withdrawn	35,921	17,470
	<u>794,200</u>	<u>730,728</u>
Excess of revenues over expenditures	1,169,764	1,124,716
Fund balance at the beginning of the year ...	17,905,336	16,780,620
Fund balance at the end of the year	<u>19,075,100</u>	<u>17,905,336</u>

Certified correct:

NICOLE THÉRIEN
for the Manager
District Services Officer

Approved:

NORMAN D. INKSTER
Commissioner

NOTES TO THE FINANCIAL STATEMENT MARCH 31, 1990

1. Authority and operations

The Royal Canadian Mounted Police (Dependants) Pension Fund was established in 1934 by the Royal Canadian Mounted Police Pension Continuation Act. The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, to purchase certain survivorship benefits for their dependants by payment of specified contributions. The Fund is credited with these contributions together with interest computed quarterly on the balance to the credit of the Fund at the end of the preceding quarter, and charged with contributions withdrawn and pensions. All transactions of the Fund are made through the Consolidated Revenue Fund.

Section 56 of the Act directs the Minister of Finance to have an actuarial valuation of the Fund made at least once every 5 years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase pensions. If there is an actuarial deficiency, the Governor in Council may direct that there be credited to the Fund, out of any unappropriated moneys in the Consolidated Revenue Fund, such amount as may be required to re-establish solvency of the Fund.

2. Significant accounting policy

Revenues and expenditures are recorded on the accrual basis.

3. Supplementary information

The most recent actuarial valuation was made as at March 31, 1988. The valuation disclosed an actuarial surplus of \$2,422,873. A portion of the surplus was distributed by an increase in the basic pension amount of 20% as at April 1, 1989 with a further increase of 20% to be effective April 1, 1990.

SECTION 8

1989-90

PUBLIC ACCOUNTS

Other Liabilities

CONTENTS

	<i>Page</i>
Interest and matured debt	8.4
Accounts payable	8.5
Outstanding cheques and warrants	8.5
Allowance for employee benefits	8.5
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government	8.5
Miscellaneous	8.6

OTHER LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities under "Other Liabilities". The establishment and operation of these accounts is authorized by Parliament in annual appropriation acts and other legislation.

Chart A presents other liabilities by category for the current fiscal year, while Chart B compares other liabilities for the last five fiscal years. Table 8.1 presents the year-end balances for other liabilities.

Other tables in this section present the net increase or decrease for certain accounts, as well as the opening and closing balances, and in certain cases, receipts and other credits, and payments and other charges.

CHART A
OTHER LIABILITIES
(in millions of dollars)

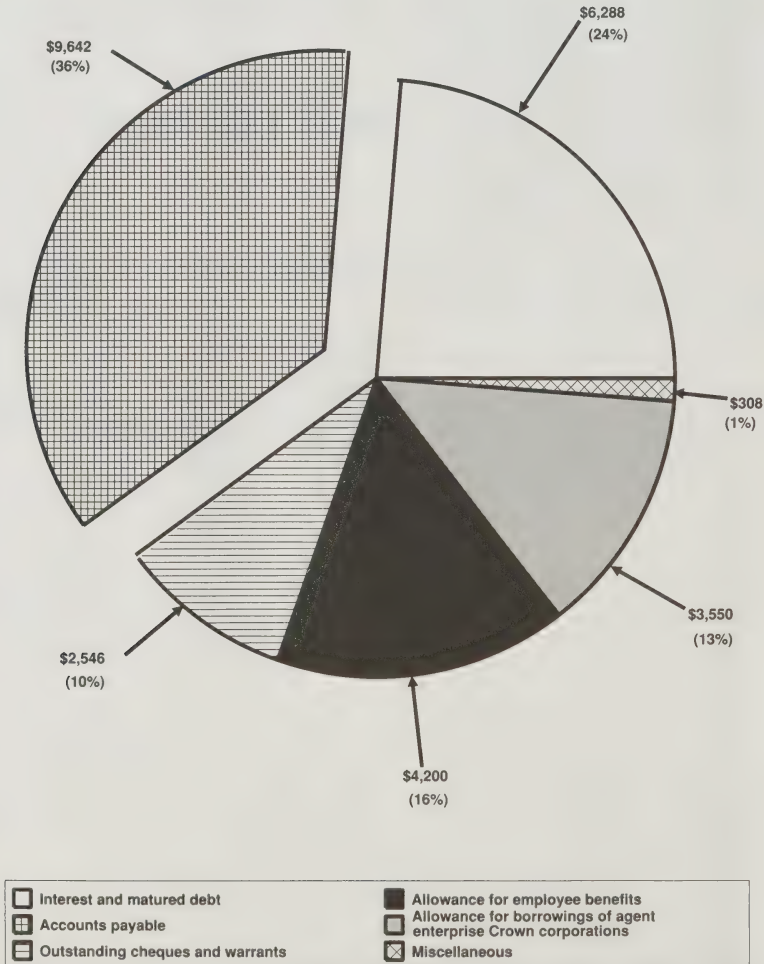


CHART B
OTHER LIABILITIES
(in billions of dollars)



TABLE 8.1

OTHER LIABILITIES

	April 1/1989	March 31/1990	Net increase or decrease (-)	
	\$	\$	1990	1989
Interest and matured debt, Table 8.2	10,389,002,164	10,317,171,237	-71,830,927	-1,215,797,642
Less: unamortized discount on—				
Canada bills	13,801,910	7,994,442	-5,807,468	6,554,853
Treasury bills	3,251,989,258	4,021,358,343	769,369,085	1,254,188,801
	7,123,210,996	6,287,818,452	-835,392,544	-2,476,541,296
Accounts payable	7,873,953,101	9,197,166,450	1,323,213,349	2,896,947,238
Add: consolidation adjustment ^[1]	238,240,000	444,966,000	206,726,000	34,111,000
	8,112,193,101	9,642,132,450	1,529,939,349	2,931,058,238
Outstanding cheques and warrants, Table 8.3	2,368,723,310	2,545,950,191	177,226,881	-354,464,380
Allowance for employee benefits	4,050,000,000	4,000,000,000	-50,000,000	150,000,000
Add: consolidation adjustment ^[1]	250,000,000	200,000,000	-50,000,000	50,000,000
	4,300,000,000	4,200,000,000	-100,000,000	200,000,000
Allowance for borrowings of agent enterprise Crown corporations expected to be repaid by the Government—				
Borrowings of agent enterprise Crown corporations	15,000,549,000	16,707,897,000	1,707,348,000	190,491,000
Less: borrowings expected to be repaid by these enterprise Crown corporations	11,815,549,000	13,157,897,000	1,342,348,000	190,491,000
	3,185,000,000	3,550,000,000	365,000,000	
Miscellaneous, Table 8.4	235,236,850	307,883,626	72,646,776	45,510,823
Total	25,324,364,257	26,533,784,719	1,209,420,462	345,563,385

^[1] In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Interest and Matured Debt

Interest and matured debt includes interest due, interest accrued and matured debt.

Table 8.2 presents a summary of the balances and transactions in this account.

TABLE 8.2

INTEREST AND MATURED DEBT

	April 1/1989	March 31/1990	Net increase or decrease (-)	
	\$	\$	1990	1989
Interest due	4,246,491,862	4,105,092,867	-141,398,995	-1,404,860,005
Interest accrued	5,799,619,906	5,854,196,385	54,576,479	75,588,846
Matured debt	342,890,396	357,881,985	14,991,589	113,473,517
Total	10,389,002,164	10,317,171,237	-71,830,927	-1,215,797,642

Interest due

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

Interest accrued

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

Matured debt

This account records financial obligations represented by certificates of indebtedness issued by the Government of Canada, that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to non-tax revenue if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier; the minimum time before such a transfer is made is 5 years from the date of maturity.

Unamortized Discount on Canada Bills

This account records the portion of the discount on outstanding Canada bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

Unamortized Discount on Treasury Bills

This account records the portion of the discount on outstanding Treasury bills which has not yet been charged to expenditure. The discount is amortized as an expenditure over the term of issue.

Accounts Payable

This account records amounts owing at the year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, relating to appropriations on which Parliament has imposed annual ceiling, accrued amounts to be paid from certain statutory authorities, and accrued financial obligations of consolidated Crown corporations.

Outstanding Cheques and Warrants

This account records cheques and warrants issued but not yet presented for payment.

Table 8.3 presents a summary of the balances in this account.

TABLE 8.3

OUTSTANDING CHEQUES AND WARRANTS

	April 1/1989 \$	March 31/1990 \$	Net increase or decrease (-)	
			1990 \$	1989 \$
Outstanding cheques	2,089,945,148	2,291,257,381	201,312,233	-386,539,814
Imprest account cheques	798,187	632,493	-165,694	79,463
Unemployment insurance warrants	277,979,975	254,060,317	-23,919,658	31,995,971
Total	2,368,723,310	2,545,950,191	177,226,881	-354,464,380

Outstanding cheques

Cheques issued in Canadian dollars, and unpaid at March 31, are recorded in this account. Cheques outstanding for 10 years are transferred to non-tax revenue. During the year, an amount of \$2,352,723 was transferred to revenue.

Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

Imprest account cheques

Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to non-tax revenue), are recorded in this account. During the year, an amount of \$142,566 was transferred to revenue.

Unemployment insurance warrants

This account records outstanding Unemployment insurance benefit warrants.

Allowance for Employee Benefits

This account records allowances for amounts owing for earned and unpaid annual vacation leave, for employee benefits payable upon termination of employment and for unsigned pay adjustments.

Allowance for Borrowings of Agent Enterprise Crown Corporations Expected to be Repaid by the Government

In accordance with Section 54 of the Financial Administration Act, the payment of all money borrowed by agent enterprise Crown corporations, and interest thereon, is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute unconditional obligations of the Government.

This account reports the borrowings of agent enterprise Crown corporations expected to be repaid by the Government (see Table 6.7 in Section 6 of this volume).

Other Liabilities—Miscellaneous

Table 8.4 presents a summary of the balances and transactions for other miscellaneous liabilities.

TABLE 8.4

OTHER LIABILITIES—MISCELLANEOUS

	April 1/1989	Receipts and other credits	Payments and other charges	Net increase or decrease (—)		
	March 31/1990	1990	1989			
	\$	\$	\$	\$	\$	\$
Eldorado Mining and Refining Limited—						
Unpresented capital stock	23,695			23,695		
Miscellaneous departmental payroll deductions ..	15,895,228	32,846,411		48,741,639	32,846,411	25,239,573
Contractors' and other holdbacks—						
Agriculture	1,216,678	475,984	89,687	1,602,975	386,297	—224,052
Atlantic Canada Opportunities						
Agency	9,028	37,427	39,822	6,633	—2,395	9,028
Communications	505,886	1,131,656	671,618	965,924	460,038	—445,867
Canadian Radio-television and Telecommunications Commission	4,246		4,246		—4,246	3,319
National Archives of Canada	13,074	6,303	13,074	6,303	—6,771	13,074
National Library	9		9		—9	—2,237
Consumer and Corporate Affairs	134,826	121,588	129,581	126,833	—7,993	15,823
Employment and Immigration	60,945	143,048	70,601	133,392	72,447	—57,473
Energy, Mines and Resources	10,678,804	9,762,819	14,293,794	6,147,829	—4,530,975	220,237
Atomic Energy Control						
Board	189,604	223,401	192,731	220,274	30,670	66,602
Environment	2,896,382	43,316	455,954	2,483,744	—412,638	—637,934
External Affairs	3,369,057		1,404,458	1,964,599	—1,404,458	—798,632
Canadian International Development						
Agency	16,416,603	19,716,600	21,434,328	14,698,875	—1,717,728	1,736,508
Fisheries and Oceans	1,707,181	3,003,307	2,647,113	2,063,375	356,194	117,211
Forestry	792,352	500,881	626,689	666,544	—125,808	387,572
Indian Affairs and Northern Development	726,094	445,193	633,539	537,748	—188,346	213,504
Industry, Science and Technology	296,296	89,306	333,986	51,616	—244,680	—1,428
Canadian Space Agency		561,365		561,365	561,365	
National Research Council	3,302,004	7,297,992	6,230,041	4,369,955	1,067,951	348,461
Justice	57,044	82,921		139,965	82,921	—28,781
National Defence	92,161,650	325,437,288	288,898,931	128,700,007	36,538,357	14,014,385
National Health and Welfare	624,571	618,020	639,248	603,343	—21,228	272,267
National Revenue—						
Customs and Excise	197,071	47,809	87,383	157,497	—39,574	88,217
Public Works	18,977,043	42,506,232	36,389,123	25,094,152	6,117,109	—1,395,519
Solicitor General—						
Administration program	152,171	77,096	97,910	131,357	—20,814	—177,853
Canadian Security Intelligence						
Service		55,300		55,300	55,300	
Correctional Service	276,103	415,018	388,157	302,964	26,861	—83,217
Royal Canadian Mounted Police	1,268,587	828,635	398,624	1,698,598	430,011	—966,187
Supply and Services	2,348,503	2,841,101	2,660,651	2,528,953	180,450	477,790
Transport	21,872,835	21,966,305	18,064,821	25,774,319	3,901,484	2,842,211
National Transportation Agency	4,393	3,405	3,594	4,204	—189	3,973
Western Economic						
Diversification		24,412	5,616	18,796	18,796	
	180,259,040	438,463,728	396,905,329	221,817,439	41,558,399	16,011,002
Provincial sales tax—						
Communications—						
National Archives of Canada ⁽¹⁾	2,780	7,547	9,487	840	—1,940	1,124
National Library ⁽¹⁾	1,094	6,563	6,122	1,535	441	997
	3,874	14,110	15,609	2,375	—1,499	2,121
Energy, Mines and Resources ⁽¹⁾	7,260	136,612	141,958	1,914	—5,346	391
Solicitor General—						
Correctional Service ⁽¹⁾	224	208,500	205,996	2,728	2,504	—12,647
Royal Canadian Mounted Police ⁽¹⁾	8	36,896	36,430	474	466	66
	232	245,396	242,426	3,202	2,970	—12,581
	11,366	396,118	399,993	7,491	—3,875	—10,069

TABLE 8.4

OTHER LIABILITIES—MISCELLANEOUS—*Concluded*

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (–)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Federal sales tax— Solicitor General—Correctional Service ⁽¹⁾ ...	207	1,669,351	1,669,478	80	–127	1,433
Borrowings of consolidated Crown corporations ⁽²⁾	20,997,000		561,000	20,436,000	–561,000	–1,701,000
Suspense accounts	18,050,314		1,193,032	16,857,282	–1,193,032	5,969,884
Total	235,236,850	473,375,608	400,728,832	307,883,626	72,646,776	45,510,823

⁽¹⁾ This account was reported in Table 7.14 (Section 7 of this volume) in 1988-89.

⁽²⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Eldorado Mining and Refining Limited—Unrepresented capital stock

The liability of the Government of Canada for the value of the paid-up capital stock of the former company, which has not been redeemed at the close of the year, is recorded herein.

Miscellaneous departmental payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

During the year, the account was increased by net transactions amounting to \$32,846,411.

Contractors' and other holdbacks

This account records the amounts withheld to ensure that contracts are carried out as stipulated. Holdbacks are charged to appropriations of departments or agencies concerned, and are credited to this account under Section 42 of the Financial Administration Act. They are paid out in accordance with contracts under regulations of the Treasury Board.

Provincial sales tax—National Archives of Canada

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of microfilm and reproductions.

Provincial sales tax—National Library

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of microfilm and reproductions.

Provincial sales tax—Energy, Mines and Resources

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax in connection with the sale of maps, charts and photographs.

Provincial sales tax—Correctional Service

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax on sales made by the Correctional Service of Canada.

Provincial sales tax—Royal Canadian Mounted Police

This account was established pursuant to Part VII of the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act. This Act contains provisions for the collection and remittance of provincial sales tax on sales made by the Royal Canadian Mounted Police.

Federal sales tax—Correctional Service

Pursuant to Section 43 of the Penitentiary Regulations, this account is credited with federal sales tax on sales made by the Correctional Service of Canada, and is charged with remittances to National Revenue, Customs and Excise.

Sales tax liability is recognized at the time of sale and is remitted the following month.

Borrowings of consolidated Crown corporations

This account records the unconditional obligations of the Government for the consolidated Crown corporations.

Suspense accounts

Accounts in which transactions are recorded temporarily, pending their ultimate disposition.

During the year, the accounts were decreased by net transactions amounting to \$1,193,032.

SECTION 9

1989-90

PUBLIC ACCOUNTS

Foreign Exchange Accounts

CONTENTS

	<i>Page</i>
International reserves held in the Exchange Fund Account . .	9.3
International Monetary Fund—Subscriptions	9.4
International Monetary Fund—Notes payable	9.4
Special Drawing Rights allocations	9.4
Supplementary statement—	
Exchange Fund Account	9.5

FOREIGN EXCHANGE ACCOUNTS

Foreign exchange accounts represent financial claims and obligations of the Government of Canada which are identified with Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Net gains resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are credited to revenue as premium and discount on exchange, and net losses are charged to budgetary expenditure of the Department of Finance.

Chart A compares the foreign exchange assets and liabilities for the last five fiscal years. Table 9.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$5,675 million as at March 31, 1990 (\$8,320 million as at March 31, 1989); details relating to these obligations are presented in Section 10 of this volume.

CHART A
FOREIGN EXCHANGE ACCOUNTS
(in billions of dollars)



TABLE 9.1

FOREIGN EXCHANGE ACCOUNTS

	April 1/1989	Receipts and other credits	Payments and other charges	March 31/1990	Net increase or decrease (-)	
					1990	1989
	\$	\$	\$	\$	\$	\$
International reserves held in the Exchange Fund Account	17,421,825,621	57,376,926,144	55,348,043,405	15,392,942,882	-2,028,882,739	2,643,360,490
International Monetary Fund—Subscriptions ..	4,533,727,960	59,525,840		4,474,202,120	-59,525,840	-504,675,600
	21,955,553,581	57,436,451,984	55,348,043,405	19,867,145,002	-2,088,408,579	2,138,684,890
Less: International Monetary Fund—Notes payable	3,984,350,322	539,972,461	665,421,351	3,858,901,432	-125,448,890	-495,854,357
Special Drawing Rights allocations	1,201,322,292		15,772,829	1,185,549,463	-15,772,829	-133,726,164
	5,185,672,614	539,972,461	681,194,180	5,044,450,895	-141,221,719	-629,580,521
Total foreign exchange accounts	16,769,880,967	57,976,424,445	56,029,237,585	14,822,694,107	-1,947,186,860	2,768,265,411

International Reserves Held in the Exchange Fund Account

This account records the moneys advanced from the Government of Canada to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and Special Drawing Rights (SDRs).

The Exchange Fund Account is operated under the provisions of the Currency Act. In accordance with this Act, audited financial statements for the Exchange Fund Account are prepared for each calendar year. The financial statements as at December 31, 1989, together with the Auditor General's report thereon, are found at the end of this section.

Table 9.2 shows foreign exchange reserves held by and advances to the Exchange Fund Account as at March 31, 1990. Gold held by the Account is valued at 35 SDRs per fine ounce (\$53.25 Cdn as at March 31, 1990 and \$53.99 Cdn as at March 31, 1989).

In 1989-90, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$54,930.3 million and an adjustment of \$417.7 million to recognize the net income of the Exchange Fund Account for the period January 1 to March 31. Receipts and other credits consisted of repayments of advances of \$57,238.1 million and a valuation adjustment of \$138.8 million.

TABLE 9.2

INTERNATIONAL RESERVES HELD IN THE EXCHANGE FUND ACCOUNT (in millions of dollars)

	March 31/ 1990	March 31/ 1989
US cash on deposit	219	107
US dollar short-term deposits	362	2,443
US dollar investments	8,490	10,325
Deutsche marks cash on deposits	19	8
Deutsche marks short-term deposits	1,441	1,331
Japanese yen cash on deposit	23	456
Japanese yen short-term deposits	2,234	9
Swiss francs cash on deposits	(11)	1
Swiss francs short-term deposits	140	217
Special Drawing Rights	1,616	1,605
International Monetary Fund notes		(1)
Gold	848	919
Canadian cash on deposit	1	1
Total	15,393	17,422
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollars (1990, US \$ 4,190 million; 1989, US \$ 5,197 million)	4,900	6,197
Deutsche marks (1989, DM 200 million)		126
Swiss francs (1990, SF 400 million; 1989, SF 700 million)	312	502
Japanese yen (1990, Y 60,000 million; 1989, Y 140,000 million)	443	1,258
Special Drawing Rights (1990, SDR 383.3 million; 1989, SDR 383.3 million)	583	591
Canadian dollar deposit with the Receiver General for Canada	8,737	8,392
Total advances from the Consolidated Revenue Fund	14,975	17,066
Total net income from January 1 to March 31	418	356
Total	15,393	17,422

(1) Less than \$500,000.

International Monetary Fund—Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of the SDR, a unit of account defined in terms of a "basket" of five major currencies.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars. In 1989-90, receipts and other credits consisted of a maintenance of value adjustment of \$53.8 million and a valuation adjustment of \$5.7 million.

International Monetary Fund—Notes Payable

This account records non-marketable, non-interest bearing notes issued by the Government of Canada to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 1989-90, notes payable to the IMF decreased by \$125.4 million.

Special Drawing Rights Allocations

This account records the value of SDRs allocated to Canada by the IMF. The Special Drawing Right is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 1989-90, payments and other charges consisted of a valuation adjustment of \$15.8 million.

SUPPLEMENTARY STATEMENT

Exchange Fund Account

AUDITOR'S REPORT

TO THE MINISTER OF FINANCE

I have examined the balance sheet of the Exchange Fund Account as at December 31, 1989 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, the Exchange Fund Account for the year ended December 31, 1989 has complied, in all significant respects, with the applicable provisions of the Currency Act.

Further, in my opinion, the financial statements present fairly the financial position of the Exchange Fund Account as at December 31, 1989 and the results of its operations for the year then ended in accordance with the accounting policies set out in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

D. Larry Meyers, F.C.A.
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 23, 1990

BALANCE SHEET AS AT DECEMBER 31, 1989
(in millions of dollars)

ASSETS	1989		1988		LIABILITIES	1989		1988	
	US	Cdn	US	Cdn		Cdn		Cdn	
Denominated in US dollars					Provision for valuation losses on uncompleted contracts (Note 8)	4.5		3.5	
Cash and short-term deposits ...	1,848.2	2,141.2	3,321.0	3,960.3					
Securities (Note 3)	7,046.4	8,163.2	7,137.2	8,511.1	Due to the Consolidated Revenue Fund				
	8,894.6	10,304.4	10,458.2	12,471.4	Advances (Note 9)	14,198.9		14,480.9	
Denominated in other foreign currencies					Net income for the year	1,599.2		1,685.5	
Cash and short-term deposits ...	2,604.4	3,017.2	865.1	1,031.6					
Denominated in Special Drawing Rights									
Special Drawing Rights (Note 4)	1,397.8	1,619.4	1,384.1	1,650.5					
International Monetary Fund Note (Note 5)			42.8	51.0					
Gold (Note 6)	741.5	859.0	808.0	963.5					
	2,139.3	2,478.4	2,234.9	2,665.0					
Official international reserve assets (Note 7)	13,638.3	15,800.0	13,558.2	16,168.0					
Denominated in Canadian dollars									
Cash		2.6		1.9					
		15,802.6		16,169.9			15,802.6		16,169.9

Approved:

J.W. CROW
Governor,
Bank of Canada

FRED GORBET
Deputy Minister,
Department of Finance

JOHN MURRAY
Chief, International Department,
Bank of Canada

Exchange Fund Account—Continued

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 1989
(in millions of Canadian dollars)

	1989	1988
Investment income		
Cash and short-term deposits	358.6	234.0
US dollar securities	782.1	690.6
Special Drawing Rights	129.8	65.1
International Monetary Fund notes	0.4	10.6
Gold loans	17.2	7.1
	1,288.1	1,007.4
Other income		
Gain on sales of gold	420.7	647.0
Net valuation gains (losses) (Note 10)	-109.6	31.1
	311.1	678.1
Net income for the year due to the Consolidated Revenue Fund	1,599.2	1,685.5

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989

1. Authority and objective

The Exchange Fund Account is governed by Part II of the Currency Act (the Act). The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent.

The main objective of the Account is to aid in the control and protection of the external value of the Canadian dollar and the Minister acquires for the Account those assets which are deemed appropriate for this purpose in accordance with the Act.

2. Significant accounting policies

Valuation of assets

US dollar securities, Special Drawing Rights (SDRs) and International Monetary Fund (IMF) notes are adjusted for amortized premiums and discounts where applicable, and include accrued interest. Gold includes gold loans and accrued interest on gold loans. The Minister of Finance determines the gold valuation policy of the Account (Note 6). Cash and short-term deposits include accrued interest where applicable.

Translation of foreign currencies and SDRs

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates in the Canadian foreign exchange market. Assets and liabilities denominated in SDRs are first translated into US dollars at the year-end US dollar value of the SDR, as calculated by the IMF, and then into Canadian dollars. Investment income in foreign currencies is translated into Canadian dollars at the foreign exchange rates prevailing on the date the income is recorded. The assets and liabilities denominated in foreign currencies and SDRs have been translated into Canadian dollars at the following year-end exchange rates:

	1989	1988
US dollar	1.158500	1.192500
Japanese yen	0.008048	0.009547
Swiss franc	0.750824	0.795500
Special Drawing Right	1.522454	1.604750
Deutsche mark	0.684674	0.673500

Investment income

Investment income is recorded on the accrual basis and includes interest earned, amortization of premiums and discounts, and gains and losses on the sale of securities.

Valuation gains and losses

Valuation gains and losses include the increases and decreases in the value of assets and liabilities arising from the translation of foreign currencies and SDRs during the year and at year end. Valuation gains and losses also include gains or losses on transactions in foreign currencies, SDRs and gold, and on the liquidation of liabilities.

Disposition of net income or loss

The net income or loss for the year, including net valuation gains and losses, is payable or chargeable to the Consolidated Revenue Fund (CRF) within three months after the end of the year in accordance with the Currency Act.

Services provided without charge

The Bank of Canada provides, without charge to the Exchange Fund Account, the administrative, custodial, and fiscal agency services.

Exchange Fund Account—Continued

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989—Continued

3. Securities denominated in US dollars

	1989	1988
	(in millions of US dollars)	
US Government securities	6,356.4	6,771.8
Sovereign papers	277.7	
International Bank for Recon- struction and Development bonds	259.5	226.0
Accrued interest	152.8	139.4
	<u>7,046.4</u>	<u>7,137.2</u>

Estimated market value at year end:

1989—US \$7,081 million (Cdn \$8,203 million)

1988—US \$7,050 million (Cdn \$8,407 million)

4. Special Drawing Rights

	1989	1988
	(in millions of SDRs)	
Held at end of the year	1,048.1	1,017.4
Accrued interest	15.6	11.1
	<u>1,063.7</u>	<u>1,028.5</u>
	(in millions of US dollars)	
Held at end of the year	1,377.4	1,369.2
Accrued interest	20.4	14.9
	<u>1,397.8</u>	<u>1,384.1</u>

5. International Monetary Fund notes

	1989	1988
	(in millions of SDRs)	
Supplementary Financing Facility notes		29.7
Accrued interest		2.1
		<u>31.8</u>
	(in millions of US dollars)	
Notes		39.9
Accrued interest		2.9
		<u>42.8</u>

These notes represented Canada's participation in the Supplementary Financing Facility established to assist members of the IMF with balance of payments needs. The notes, which were acquired in 1984 and had original terms to maturity of five years, matured in February 1989 and the facility expired.

6. Gold

	1989	1988
	(in thousands of fine ounces)	
Held at beginning of the year		
Gold	14,434.0	17,305.4
Gold loans	2,705.0	1,213.0
	<u>17,139.0</u>	<u>18,518.4</u>
Sold during the year	1,037.9	1,379.4
Held at end of the year	<u>16,101.1</u>	<u>17,139.0</u>
Composed of		
Gold	13,575.8	14,434.0
Gold loans	2,525.3	2,705.0
	<u>16,101.1</u>	<u>17,139.0</u>
	(in millions of US dollars)	
Held at end of the year		
Gold	624.4	679.9
Gold loans	116.2	127.4
Accrued interest on gold loans	0.9	0.7
	<u>741.5</u>	<u>808.0</u>

Gold is valued in the Account at 35 SDRs per fine ounce. In keeping with the method of valuation used for other assets, gold holdings were translated into US dollars at the year-end US dollar value of the SDR, and to a Canadian dollar equivalent at the year-end exchange rate for the US dollar.

The book value, market value (as recorded at the London fixings), and approximate Canadian dollar historical cost of gold and gold loans at historical rates of exchange, excluding accrued interest on gold loans, at year end are:

	1989	1988		
	Price per fine ounce	Total value in millions	Price per fine ounce	Total value in millions
Book value—\$ US	46.00	740.6	47.10	807.3
—\$ Cdn	53.29	858.0	56.17	962.6
Market value—\$ US	401.00	6,456.5	410.15	7,029.6
—\$ Cdn	464.56	7,479.9	489.10	8,382.7
Approximate historical cost—\$ Cdn	36.91	594.3	36.91	632.6

The Minister of Finance has authorized loans and/or sales, at market prices, of part of the gold held by the Account, to the Royal Canadian Mint and others.

Exchange Fund Account—Concluded

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1989—Concluded

7. Official international reserve assets

The Account is the principal repository of Canada's official international reserves. At December 31, 1989 total reserves amounted to \$US 16.8 billion (1988—\$US 16.2 billion) of which the EFA accounted for \$US 13.6 billion (1988—\$US 13.6 billion). The remainder \$US 3.2 billion (1988—\$US 2.6 billion) is held by the Bank of Canada and the Consolidated Revenue Fund.

8. Provision for valuation losses on uncompleted contracts

At year end, the Account had uncompleted foreign exchange transactions and swaps. As the exchange rates on these uncompleted contracts differ from the year-end rates at which the Account's assets and liabilities are valued, additional gains or losses will occur upon settlement. The provision for valuation gains or losses on uncompleted contracts arises from the revaluation of such contracts using the year-end rates of exchange and represents the portion of future net gains or losses attributed to the current year.

Under swap arrangements with the Bank of Canada, the Account sells US dollars to the Bank and agrees to repurchase these amounts at the same exchange rates at which they were sold. These contracts are undertaken to assist in the Bank's cash management operations. Outstanding swaps with the Bank of Canada at year end amounted to US \$2,431 million in 1989 (Cdn \$2,820 million) and US \$1,989 million in 1988 (Cdn \$2,375 million).

9. Due to the Consolidated Revenue Fund—Advances

The Account is funded by advances from the Consolidated Revenue Fund. They are currently limited to C\$ 25 billion by Order in Council dated June 30, 1988. No interest is charged to the Account on these advances.

	1989		1988	
	Amount	Cdn \$	Amount	Cdn \$
	(in millions)			
Foreign currencies and SDRs				
US dollars	4,155	4,814.1	5,394	6,432.9
Japanese yen	60,000	482.9	140,000	1,336.6
Swiss francs	400	300.3	952	757.3
SDRs	383	583.5	383	615.1
Deutsche marks			200	134.7
		6,180.8		9,276.6
Plus Canadian dollar advances from the Consolidated Revenue Fund		8,018.1		5,204.3
		14,198.9		14,480.9

The proceeds of Canada's borrowings in foreign currency and allocations of SDRs by the IMF have been advanced from the CRF to the Account. Repayment of foreign currency debt is made using the resources of the Account. Interest payable by Canada on borrowings in foreign currencies and charges on SDR allocations is charged directly to the CRF.

10. Net valuation gains (losses)

	1989		1988	
	Assets	Liabilities	Total	Total
	(in millions of Canadian dollars)			
Japanese yen	-149.9	205.6	55.7	254.6
Swiss francs	-36.4	56.0	19.6	215.6
US dollars	-334.2	148.5	-185.7	-248.8
Gold	-49.0		-49.0	-152.2
Deutsche marks	96.7	7.2	103.9	32.4
Special Drawing Rights	-85.6	31.5	-54.1	-70.5
Net valuation gains (losses)	-558.4	448.8	-109.6	31.1

SECTION 10

1989-90

PUBLIC ACCOUNTS

Unmatured Debt

CONTENTS

	<i>Page</i>
Marketable bonds	10.4
Canada savings bonds	10.10
Special non-marketable bonds	10.10
Treasury bills	10.11
Notes and loans	10.12
Canada bills	10.12
Supplementary statements—	
Interest rates	10.13
Maturity of Government debt	10.14
Statement of all borrowing transactions on behalf of Her Majesty	10.15

UNMATURED DEBT

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due.

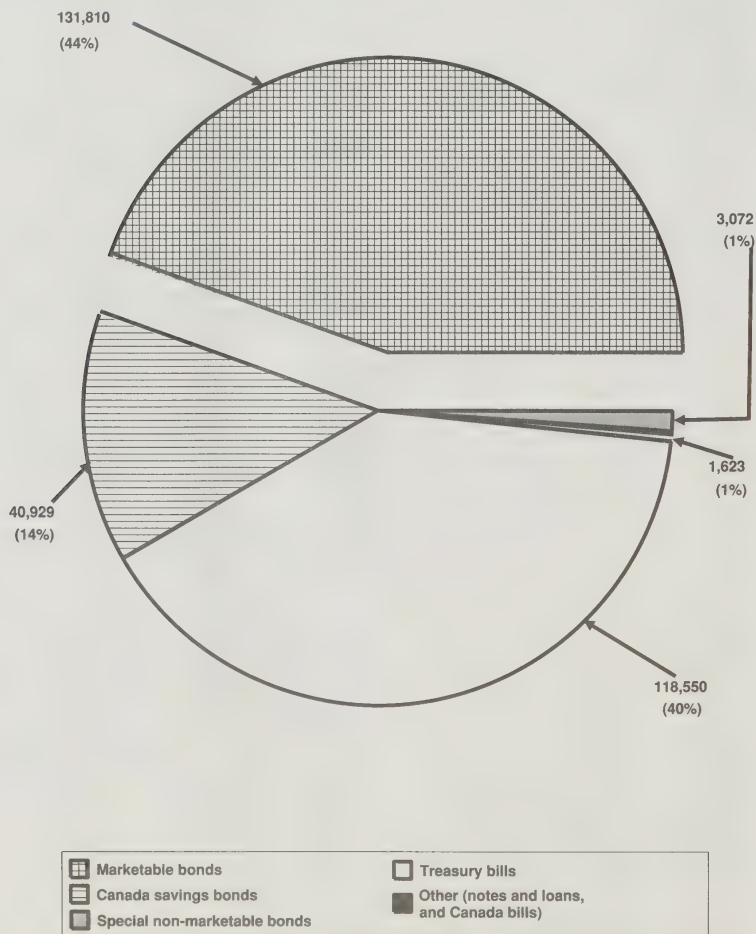
The Government's holdings of its own securities have been deducted from unmatured debt, to report the amount of the Government's liabilities to outside parties.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as

well as issues and retirements. In addition, the term "account(s) without current transactions" has been included in some tables, to show the net result of transactions in accounts which were closed out in the previous year.

Chart A presents unmatured debt by category for the current fiscal year while Chart B compares unmatured debt for the last five fiscal years. Table 10.1 presents the transactions and year-end balances of unmatured debt.

CHART A
UNMATURED DEBT⁽¹⁾
(in millions of dollars)



⁽¹⁾ Gross basis

CHART B
UNMATURED DEBT ⁽¹⁾
(in billions of dollars)



⁽¹⁾ Gross basis

TABLE 10.1

UNMATURED DEBT

	April 1/1989	Issues	Retirements	March 31/1990	Net increase or decrease (—)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Payable in Canadian currency—						
Marketable bonds, Table 10.2	115,747,759,000	21,958,436,324	10,024,685,000	127,681,510,324	11,933,751,324	11,849,150,000
Canada savings bonds, Table 10.3	47,755,686,300	9,328,934,937	16,155,944,837	40,928,676,400	–6,827,009,900	–5,567,811,509
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund, Table 10.4	3,005,600,000	71,112,000	4,059,000	3,072,653,000	67,053,000	513,753,000
Treasury bills, Table 10.5	102,700,000,000	297,900,000,000	282,050,000,000	118,550,000,000	15,850,000,000	21,650,000,000
	269,209,045,300	329,258,483,261	308,234,688,837	290,232,839,724	21,023,794,424	28,445,091,491
Less: Government's holdings of unmatured debt—						
Marketable bonds	16,074,480	134,555,908	1,053,388	149,577,000	133,502,520	–134,546,355
Canada savings bonds held on account of employees	147,989,203	241,579,699	277,236,516	112,332,386	–35,656,817	9,668,372
Canada savings bonds held on account of the Payroll Savings Plan	1,002,269,000	1,763,153,470	1,735,669,470	1,029,753,000	27,484,000	54,093,000
Special non-marketable bonds issued to the Canada Pension Plan Investment Fund ⁽¹⁾	61,612,000		6,869,000	54,743,000	–6,869,000	6,291,000
Consolidation adjustment ⁽²⁾	1,227,944,683	2,139,289,077	2,020,828,374	1,346,405,386	118,460,703	–64,493,983
	267,981,100,617	327,119,194,184	306,213,860,463	288,886,434,338	20,905,333,721	28,509,585,474
Payable in foreign currencies—						
Marketable bonds, Table 10.2	5,373,536,880	12,660,000	1,257,498,342	4,128,698,538	–1,244,838,342	–949,492,216
Notes and loans, Table 10.6	1,910,772,100	12,660,000	1,746,301,100	177,131,000	–1,733,641,100	–2,015,632,400
Canada bills, Table 10.7	1,130,740,425	7,349,987,693	7,034,934,912	1,445,793,206	315,052,781	86,197,790
	8,415,049,405	7,375,307,693	10,038,734,354	5,751,622,744	–2,663,426,661	–2,878,926,826
Less: Government's holdings of unmatured debt—						
Marketable bonds	95,143,612	117,472,168	136,974,859	75,640,921	–19,502,691	82,794,612
	8,319,905,793	7,257,835,525	9,901,759,495	5,675,981,823	–2,643,923,970	–2,961,721,438
Total unmatured debt	276,301,006,410	334,377,029,709	316,115,619,958	294,562,416,161	18,261,409,751	25,547,864,036

Note: This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 10.11.

⁽¹⁾ This account is now reported in Table 7.2 (Section 7 of this volume).

⁽²⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Marketable Bonds

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to call or redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and,
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.

Table 10.2 presents a summary of the balances and transactions for marketable bonds. Since most of the marketable bonds are not subject to call or redemption before maturity, exceptions only are noted in the table.

The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 1990.

TABLE 10.2

MARKETABLE BONDS

Maturity date	%	Issue date	Series	April 1/1989	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1990	Net increase or decrease (-)	
								1990	1989
				\$	\$	\$	\$	\$	\$
Payable in Canadian currency—									
Matured 1989-90									
1989—Apr 15	9.25	Dec 15/85-Apr 10/86	H72	275,000,000		275,000,000		-275,000,000	
June 1	13.25	June 1/84-June 19/84							
		July 11/84	H24	525,000,000		525,000,000		-525,000,000	
June 6	9	June 6/87	A5	550,000,000		550,000,000		-550,000,000	
July 1	13.5	Aug 1/84	H32	150,000,000		150,000,000		-150,000,000	
July 1	8.5	Apr 28/86-May 22/86							
		July 3/86-July 24/86							
		Sept 2/86-Oct 1/86							
		Oct 23/86-Dec 15/86	H82	1,175,000,000		1,175,000,000		-1,175,000,000	
Aug 1	13.75	Mar 1/81	J58	442,320,000		442,320,000		-442,320,000	
Sept 6	9.75	Sept 6/87	A9	550,000,000		550,000,000		-550,000,000	
Oct 1	10	Aug 15/79-June 12/85							
		July 1/85	J26	450,000,000		450,000,000		-450,000,000	
Oct 1	10.5	Oct 1/79-July 1/80							
		May 15/83-June 21/83	J29	775,000,000		775,000,000		-775,000,000	
Nov 1	10.75	Jan 7/85	H49	350,000,000		350,000,000		-350,000,000	
Nov 1	12.25	Oct 1/84-Oct 24/84	H40	325,000,000		325,000,000		-325,000,000	
Dec 6	9.25	Dec 6/87	A11	500,000,000		500,000,000		-500,000,000	
Dec 15	11.25	Dec 15/79-Feb 1/80							
		June 1/80-Aug 1/80							
		Sept 27/83-Feb 1/84							
		Mar 13/84	J33	1,075,000,000		1,075,000,000		-1,075,000,000	
1990—Feb 1	12	Nov 14/84-Mar 19/85	H43	400,000,000		400,000,000		-400,000,000	
Feb 1	13.25	Mar 31/81	J60	592,912,000		592,912,000		-592,912,000	
Feb 26	10	Feb 26/86	H77	500,000,000		500,000,000		-500,000,000	
Mar 6	8.75	Mar 6/88	A14	550,000,000		550,000,000		-550,000,000	
Mar 15	13.75	Mar 31/80	J38	839,453,000		839,453,000		-839,453,000	
				10,024,685,000		10,024,685,000		-10,024,685,000	
Maturing 1990-91									
1990—May 1	5.25	May 1/64-July 1/64							
		Sept 1/65	CT12	225,000,000			225,000,000		
May 1	5.25	Apr 1/67	F12	125,000,000				125,000,000	
May 1	13	May 1/80	J41	1,784,422,000			1,784,422,000		
June 1	11.75	Apr 10/85	H56	150,000,000			150,000,000		
June 6	9.25	June 6/88	A15	550,000,000			550,000,000		550,000,000
July 1	8	Jan 29/87-Feb 19/87							
		Mar 15/87	H95	600,000,000			600,000,000		
Aug 1	7.5	Apr 16/87	A2	500,000,000			500,000,000		
Aug 1	9	Aug 11/86-June 1/87							
		Sept 1/87	H88	1,025,000,000			1,025,000,000		
Sept 1	10.75	July 12/83-Feb 1/85							
		Feb 19/85	H5	550,000,000			550,000,000		
Sept 5	10.25	Sept 5/88	A19	650,000,000			650,000,000		650,000,000
Oct 1	10.5	Aug 15/85-Oct 1/85							
		Oct 23/85	H65	1,100,000,000			1,100,000,000		
Oct 1	12.5	Oct 1/80	J49	22,539,000			22,539,000		
Dec 5	10.25	Dec 5/88	A20	650,000,000			650,000,000		650,000,000
Dec 15	10.25	Nov 15/85-Oct 15/87	H70	575,000,000			575,000,000		
1991—Feb 1	12.5	Feb 1/81	J56	718,974,000			718,974,000		
Mar 1	9.25	Dec 15/85-Apr 10/86							
		Feb 1/88	H73	725,000,000			725,000,000		
Mar 5	11	Mar 5/89	A22	700,000,000			700,000,000		700,000,000
				10,650,935,000			10,650,935,000		2,550,000,000
Maturing 1991-92									
1991—May 1	9.75	Feb 6/86-Mar 15/86							
		Dec 15/87	H75	825,000,000			825,000,000		
May 1	14.5	May 1/81	J62	490,857,000			490,857,000		
June 1	11	May 1/85-May 22/85	H57	425,000,000			425,000,000		
June 6	10.5	June 6/89	A24		550,000,000		550,000,000	550,000,000	
July 1	8.5	Apr 28/86-May 22/86							
		June 12/86-July 3/86							
		July 24/86	H83	1,700,000,000			1,700,000,000		
Sept 1	9	July 23/87-Feb 25/88							
		Apr 14/88-Aug 4/88	A7	1,725,000,000			1,725,000,000		725,000,000
Sept 6	10.25	Sept 6/89	A26		800,000,000		800,000,000	800,000,000	

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1989	Issues ⁽¹¹⁾	Retirements ⁽¹¹⁾	March 31/1990	Net increase or decrease (—)	
								1990	1989
				\$	\$	\$	\$	\$	\$
Oct 1	18	Oct 15/81	J73	392,685,000			392,685,000		
Dec 6	10.5	Dec 6/89	A28		900,000,000		900,000,000	900,000,000	
Dec 15	11.5	Dec 15/84	H47	225,000,000			225,000,000		
Dec 15	8.75	Sept 2/86-Oct 1/86							
		Oct 23/86-Nov 12/86							
		July 1/87	H89	1,850,000,000			1,850,000,000		
1992—Feb 1	15.5	Feb 1/82	J76	1,246,186,000			1,246,186,000		
Mar 1	8.5	Jan 6/87-May 1/87	H94	1,025,000,000			1,025,000,000		
Mar 6	11.5	Mar 6/90	A31		1,000,000,000		1,000,000,000	1,000,000,000	
				9,904,728,000	3,250,000,000		13,154,728,000	3,250,000,000	725,000,000
Maturing 1992-93									
1992—Apr 1	7.75	Mar 12/87	A1	600,000,000			600,000,000		
June 1	10.25	June 12/85-July 1/85							
		July 23/85-Sept 1/85							
		Sept 24/87-Oct 15/87							
		Sept 1/88	H61	1,850,000,000			1,850,000,000		250,000,000
June 1	15	June 1/82	J82	200,000,000			200,000,000		
July 1	9.25	May 21/87-Aug 13/87							
		Sept 1/87-June 1/88							
		Oct 1/89	A4	1,300,000,000	100,000,000		1,400,000,000	100,000,000	175,000,000
July 1	15	July 1/82	J85	398,789,000			398,789,000		
Sept 1	5.75	Sept 1/66-Dec 15/66							
		Feb 1/67	F6	225,000,000			225,000,000		
Sept 1	14.25	Sept 1/82	J88	648,917,000			648,917,000		
Oct 15	13.5	Oct 15/82	J91	400,000,000			400,000,000		
Nov 15	12.75	Nov 1/82	J93	500,000,000			500,000,000		
Dec 15	11.75	Nov 22/82-Dec 15/82							
		Aug 1/83-Sept 1/83	J95	2,050,000,000			2,050,000,000		
1993—Feb 1	11.25	Feb 1/83-Mar 15/83							
		Apr 27/83-July 12/83	J99	1,850,000,000			1,850,000,000		
				10,022,706,000	100,000,000		10,122,706,000	100,000,000	425,000,000
Maturing 1993-94									
1993—May 1	10.75	May 15/83-June 21/83							
		Nov 5/87-Mar 15/89							
		Mar 15/90	H3	1,625,000,000	100,000,000		1,725,000,000	100,000,000	75,000,000
May 1	10.25	Jan 25/90-Feb 1/90	A29		925,000,000		925,000,000	925,000,000	
June 1	15.25	June 1/81	J65	895,006,000			895,006,000		
July 1	8.75	Feb 18/88-Mar 15/88							
		May 5/88	A13	1,625,000,000			1,625,000,000		550,000,000
July 1	14.75	July 1/81	J69	445,459,000			445,459,000		
Sept 1	9.5	June 23/88-July 21/88							
		Oct 15/88-Oct 31/88							
		Dec 15/88-Oct 19/89							
		Dec 15/89	A16	1,575,000,000	875,000,000		2,450,000,000	875,000,000	1,575,000,000
Oct 15	11.75	Sept 27/83-Oct 15/83							
		Feb 1/84	H8	1,025,000,000			1,025,000,000		
Dec 15	11.5	Nov 8/83-Dec 15/83							
		Feb 21/84	H12	850,000,000			850,000,000		
1994—Feb 1	8.75	Dec 15/86	H93	250,000,000			250,000,000		
Feb 1	10.25	Jan 5/89-Feb 9/89	A21	1,300,000,000			1,300,000,000		1,300,000,000
Mar 1	8.25	Jan 29/87-Feb 19/87							
		Mar 15/87	H96	800,000,000			800,000,000		
Mar 1	12	Mar 13/84-Apr 10/85	H17	700,000,000			700,000,000		
				11,090,465,000	1,900,000,000		12,990,465,000	1,900,000,000	3,500,000,000
Maturing 1994-95									
1994—Apr 1	13	Apr 1/84-May 1/84							
		Aug 22/84	H21	1,025,000,000			1,025,000,000		
May 15	13.75	June 1/84-July 11/84							
		Aug 1/84	H25	1,200,000,000			1,200,000,000		
June 15	9.5	June 15/74-July 1/75							
		Aug 15/75-June 1/76							
		Aug 1/76-Apr 1/77	F85	676,320,000			676,320,000		—51,225,000
July 15	7.75	Apr 16/87	A3	400,000,000			400,000,000		

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1989	Issues ⁽¹⁾	Retirements ⁽¹⁾	Net increase or decrease (—)		
							March 31/1990	1990	1989
				\$	\$	\$	\$	\$	\$
July 15	13.5	June 19/84	H29	250,000,000			250,000,000		
Oct 1	9.25	June 18/87-July 30/87							
		Feb 1/88-Apr 14/88							
		July 1/89-Aug 1/89	A6	1,550,000,000	925,000,000		2,475,000,000	925,000,000	500,000,000
Oct 1	12.75	Sept 12/84	H39	475,000,000			475,000,000		
Dec 1	6.25	Dec 1/67	F23	125,000			125,000		
Dec 15	12.5	Oct 1/84-Oct 24/84	H42	900,000,000			900,000,000		
Dec 15	9.25	Aug 24/89-Oct 1/89							
		Nov 1/89	A25		1,625,000,000		1,625,000,000	1,625,000,000	
1995—Feb 1	11.5	Feb 1/85	H51	375,000,000			375,000,000		
Feb 1	12.25	Nov 14/84-Mar 19/85	H44	725,000,000			725,000,000		
Mar 1	10	Jan 5/88-June 1/88							
		Aug 11/88-Dec 15/89							
		Feb 1/90-Feb 15/90	A12	1,400,000,000	1,400,000,000		2,800,000,000	1,400,000,000	950,000,000
Mar 1	11.75	Dec 15/84	H48	475,000,000			475,000,000		
				9,451,445,000	3,950,000,000		13,401,445,000	3,950,000,000	1,398,775,000
Maturing 1995-96									
1995—Apr 1	11.25	Feb 19/85-May 1/85							
		May 22/85							
June 1	10.5	June 12/85-July 1/85	H54	1,350,000,000			1,350,000,000		
		July 23/85-Sept 1/85							
		Mar 15/90	H62	1,850,000,000	400,000,000		2,250,000,000	400,000,000	
Oct 1	6.5	Oct 1/68	F33	100,000,000			100,000,000		
Oct 1	10	Oct 1/75-Dec 15/75							
		Feb 1/76-Apr 1/76	F97	677,875,000			677,875,000		—12,750,000
Dec 15	10.75	Oct 1/85-Oct 23/85							
		Nov 15/85-Mar 15/89	H67	1,100,000,000			1,100,000,000		150,000,000
1996—Mar 1	10.25	Feb 6/86-Dec 15/87							
		Sept 22/88	H76	1,375,000,000			1,375,000,000		550,000,000
				6,452,875,000	400,000,000		6,852,875,000	400,000,000	687,250,000
Maturing 1996-97									
1996—May 1	9.25	Apr 10/86-June 1/87							
		July 1/87-Mar 31/88							
		July 27/89-Aug 31/89	H80	2,000,000,000	1,300,000,000		3,300,000,000	1,300,000,000	
June 1	8.75	Apr 28/86-May 22/86							
		July 24/86-Oct 1/86							
		Dec 15/86-May 1/87	H84	2,175,000,000			2,175,000,000		
		Sept 15/86	P1	55,000,000			55,000,000		
Sept 15	3	Jan 29/87-Feb 19/87							
1997—Mar 1	8.25	Mar 15/87	H97	1,125,000,000			1,125,000,000		
				5,355,000,000	1,300,000,000		6,655,000,000	1,300,000,000	
Maturing 1997-98									
1997—May 15	9.25	May 15/77-July 1/77							
		Sept 1/77-Feb 1/78	J9	936,000,000			936,000,000		—48,000,000
Oct 1	9.75	Aug 13/87-Sept 1/87							
		Nov 15/87-Feb 1/88							
		May 12/88-Jan 4/90	A8	2,075,000,000	650,000,000		2,725,000,000	650,000,000	500,000,000
1998—Mar 15	3.75	Sept 15/86	T15	197,045,000			197,045,000		
Mar 15	10.75	Oct 15/87-Mar 15/89							
		Apr 13/89	A10	875,000,000	650,000,000		1,525,000,000	650,000,000	625,000,000
				4,083,045,000	1,300,000,000		5,383,045,000	1,300,000,000	1,077,000,000
Maturing 1998-99									
1998—Oct 1	9.5	June 30/88-July 21/88							
		Nov 15/88-July 1/89	A17	1,500,000,000	700,000,000		2,200,000,000	700,000,000	1,500,000,000
Dec 1	10.25	Sept 1/88-Oct 15/88							
		Dec 15/88-Jan 26/89	A18	2,275,000,000			2,275,000,000		2,275,000,000
				3,775,000,000	700,000,000		4,475,000,000	700,000,000	3,775,000,000
Maturing 1999-2000									
1999—Oct 15	9	Oct 15/77-Dec 15/77	J13	563,750,000			563,750,000		—29,000,000
Dec 1	13.5	Dec 1/80	J53	400,000,000			400,000,000		
Dec 1	9.25	Sept 21/89-Oct 1/89							
		Nov 16/89-Dec 15/89	A27		2,825,000,000		2,825,000,000	2,825,000,000	
2000—Mar 15	13.75	Mar 31/80-Mar 1/81							
		Mar 31/81-Oct 15/82	J39	1,050,000,000			1,050,000,000		
				2,013,750,000	2,825,000,000		4,838,750,000	2,825,000,000	—29,000,000

TABLE 10.2

MARKETABLE BONDS—Continued

Maturity date	%	Issue date	Series	April 1/1989	Issues ⁽¹⁾	Retirements ⁽¹⁾	March 31/1990	Net increase or decrease (-)		
								1990	1989	
				\$	\$	\$	\$	\$	\$	
Maturing 2000-01										
2000—May 1	9.75	Feb 1/90-Feb 15/90	A30		1,575,000,000		1,575,000,000	1,575,000,000		
July 1	10.5	Mar 15/90-Mar29/90	A32		1,350,000,000		1,350,000,000	1,350,000,000		
July 1	15	July 1/81	J70	175,000,000			175,000,000			
Dec 15	9.75	Dec 15/78	J22	515,625,000			515,625,000		-21,875,000	
2001—Feb 1	15.75	June 1/81-July 31/81	J66	425,000,000			425,000,000			
				1,115,625,000	2,925,000,000		4,040,625,000	2,925,000,000	-21,875,000	
Maturing 2001-02										
2001—May 1	13	May 1/80-Oct 1/80	J42	1,325,000,000			1,325,000,000			
		Feb 1/81								
Oct 1	9.5	Oct 1/76-Dec 1/76								
		Apr 1/78-May 15/78	J2	1,314,000,000			1,314,000,000		-65,000,000	
2002—Feb 1	8.75	July 1/78	J7	228,000,000			228,000,000		-12,000,000	
Mar 15	15.5	Feb 1/77	J79	350,000,000			350,000,000			
		Mar 31/82-May 1/82		3,217,000,000			3,217,000,000		-77,000,000	
Maturing 2002-03										
2002—May 1	10	May 1/79-June 1/79	J25	1,850,000,000			1,850,000,000			
		July 15/79								
Dec 15	11.25	Dec 15/79-July 1/80								
		May 15/83	J34	1,625,000,000			1,625,000,000			
2003—Feb 1	11.75	Feb 1/80-June 1/80	J35							
		Aug 1/80-Feb 1/83								
		Apr 27/83-June 21/83		2,700,000,000			2,700,000,000			
		July 12/83		6,175,000,000			6,175,000,000			
Maturing 2003-04										
2003—Oct 1	9.5	Aug 15/78-Oct 1/78	J18	715,500,000			715,500,000		-36,000,000	
2004—Feb 1	10.25	Feb 1/79-Mar 15/79	J24	2,200,000,000			2,200,000,000			
		Mar 21/79-Aug 15/79			2,915,500,000			2,915,500,000		-36,000,000
Maturing 2004-05										
2004—June 1	13.5	Apr 1/84-May 1/84	H22	550,000,000			550,000,000			
Oct 1	10.5	Oct 1/79-Dec 15/87	J30	875,000,000			875,000,000			
2005—Mar 1	12	Oct 15/83-Nov 8/83	H9							
		Dec 15/83-Feb 1/84								
		Feb 21/84-Dec 15/84		1,775,000,000			1,775,000,000			
				3,200,000,000			3,200,000,000			
Maturing 2005-06										
2005—Sept 1	12.25	Aug 1/83-Sept 1/83	H6	1,375,000,000			1,375,000,000			
		Sept 27/83-Apr 10/85								
2006—Mar 1	12.5	Mar 13/84-Nov 14/84								
		Mar 19/85	H18	975,000,000			975,000,000			
				2,350,000,000			2,350,000,000			
Maturing 2006-07										
2006—Oct 1	14	June 1/84-July 11/84	H26	1,025,000,000			1,025,000,000			
		Aug 1/84								
2007—Mar 1	13.75	June 19/84		H30	325,000,000			325,000,000		
				1,350,000,000			1,350,000,000			
Maturing 2007-08										
2007—Oct 1	13	Aug 22/84-Sept 12/84	H36	700,000,000			700,000,000			
2008—Mar 1	12.75	Oct 1/84-Oct 24/84	H41	750,000,000			750,000,000			
				1,450,000,000			1,450,000,000			
Maturing 2008-09										
2008—June 1	10	Dec 15/85-Sept 1/87	H74							
		Feb 1/88-Apr 14/88								
		June 1/88-July 21/88								
		Oct 15/88-Dec 15/88								
		Feb 23/89-June 1/89		2,925,000,000	525,000,000		3,450,000,000	525,000,000	2,025,000,000	
	Oct 1	Feb 1/85-May 1/85	H52	725,000,000			725,000,000			
2009—Mar 1	11.5	May 22/85	H58	400,000,000			400,000,000			
				4,050,000,000	525,000,000		4,575,000,000	525,000,000	2,025,000,000	

TABLE 10.2

MARKETABLE BONDS—*Concluded*

Maturity date	%	Issue date	Series	April 1/1989	Issues ⁽¹⁾	Retirements ⁽¹⁾	Net increase or decrease (–)		
							March 31/1990	1990	1989
				\$	\$	\$	\$	\$	\$
Maturing 2009-10									
2009—June 1	11	Oct 1/85-Oct 23/85 Oct 15/87	H68	925,000,000			925,000,000		
Oct 1	10.75	June 12/85-July 1/85 Sept 1/85-Sept 1/88	H63	1,300,000,000			1,300,000,000		300,000,000
2010—Mar 1	9.75	Mar 15/86	H79	325,000,000 2,550,000,000			325,000,000 2,550,000,000		300,000,000
Maturing 2010-11									
2010—June 1	9.5	Apr 10/86-July 1/87 July 1/89-Aug 10/89 Oct 1/89-Dec 15/89	H81	650,000,000	2,325,000,000		2,975,000,000	2,325,000,000	
Oct 1	8.75	Feb 1/90	H85	325,000,000			325,000,000		
2011—Mar 1	9	Apr 28/86 July 3/86-Sept 2/86 Oct 23/86-Dec 15/86 May 1/87-Mar 15/88	H87	1,975,000,000 2,950,000,000	2,325,000,000		1,975,000,000 5,275,000,000	2,325,000,000	
Maturing 2011-12									
2011—June 1	8.5	Feb 19/87-Mar 15/87	H98	750,000,000			750,000,000		
Maturing 2013-14									
2014—Mar 15	10.25	Mar 15/89-Mar 30/89 Mar 15/90	A23	850,000,000	450,000,000		1,300,000,000	450,000,000	850,000,000
Maturing 2018-19									
2019—Mar 23	10.186	Mar 23/90			8,436,324		8,436,324	8,436,324	
Accounts without current transactions									–5,300,000,000
Total marketable bonds (Canadian currency)				115,747,759,000	21,958,436,324	10,024,685,000	127,681,510,324	11,933,751,324	11,849,150,000
Payable in foreign currencies—									
United States dollars—									
1989—July 15	9.25	July 15/85		536,625,000		536,625,000		–536,625,000	–19,080,000
1995—July 15	10.125	July 15/85		357,843,015		85,100,411	272,742,604	–85,100,411	–197,861,985
Nov 21	10	Nov 21/85		596,250,000		11,500,000	584,750,000	–11,500,000	–21,200,000
1996—Feb 27	9	Feb 27/86		1,192,500,000		23,000,000	1,169,500,000	–23,000,000	–42,400,000
1998—Apr 1	8.625	Apr 1/78		248,296,388		15,630,211	232,666,177	–15,630,211	–60,428,612
Oct 15	9.25	Oct 15/78		338,680,732		338,680,732		–338,680,732	–93,534,268
				3,270,195,135		1,010,536,354	2,259,658,781	–1,010,536,354	–434,504,865
Deutsche marks—									
1989—Apr 30	8.5	Apr 30/82		125,680,000		125,680,000		–125,680,000	–23,240,000
Swiss francs—									
1992—May 10	5.25	May 10/84		143,420,000	12,660,000		156,080,000	12,660,000	–37,440,000
Japanese yen—									
1991—Feb 20	6.125	Feb 20/86		488,739,638		9,426,425	479,313,213	–9,426,425	–17,377,409
1992—June 25	4.375	June 25/87		663,450,722		12,796,115	650,654,607	–12,796,115	–23,589,359
1993—July 23	5.625	July 23/86		682,051,385		99,059,448	582,991,937	–99,059,448	–61,966,983
				1,834,241,745		121,281,988	1,712,959,757	–121,281,988	–102,933,751
Accounts without current transactions									–351,373,600
Total marketable bonds (foreign currencies)				5,373,536,880	12,660,000	1,257,498,342	4,128,698,538	–1,244,838,342	–949,492,216
Total				121,121,295,880	21,971,096,324	11,282,183,342	131,810,208,862	10,688,912,982	10,899,657,784

⁽¹⁾ Issues and retirements of the marketable bonds payable in foreign currencies include the translation of these currencies to Canadian dollars using closing rates of exchange at March 31.

⁽²⁾ Subject to redemption before maturity.

⁽³⁾ While the terms of the issue remain unaltered from the bondholders' perspective, the Government's Japanese yen liability was converted through a "currency swap" into a floating rate U.S. dollar liability which is based on 6-month London Inter-bank Offered Rate (LIBOR).

Canada Savings Bonds

Canada savings bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;

—not marketable;

—redeemable on demand by the holder, with accrued interest calculated to the end of the previous month;

—not subject to call before maturity; and,

—term to maturity of seven years or more.

Table 10.3 presents a summary of the balances and transactions for Canada savings bonds.

TABLE 10.3

CANADA SAVINGS BONDS

Maturity date	%	Issue date	Series	April 1/1989	Issues	Retirements	Net increase or decrease (—)		
							March 31/1990	1990	1989
				\$	\$	\$	\$	\$	\$
1989—Nov 1	10.5	1982-83	S37	4,422,540,800		4,422,540,800		-4,422,540,800	-789,279,100
1990—Nov 1	10.5	1983-84	S38	4,597,832,200		790,240,300	3,807,591,900	-790,240,300	-695,139,000
1991—Nov 1	10.5	1984-85	S39	5,203,413,300		929,076,000	4,274,337,300	-929,076,000	-976,390,300
1992—Nov 1	10.5	1985-86	S40	6,637,590,800		1,097,324,400	5,540,266,400	-1,097,324,400	-1,230,548,600
1993—Nov 1	10.5	1986-87	S41	4,308,107,500		879,283,900	3,428,823,600	-879,283,900	-1,326,901,300
1997—Nov 1	10.5	1987-88	S42	10,631,078,600		2,728,313,900	7,902,764,700	-2,728,313,900	-6,019,845,209
1998—Nov 1	10.5	1988-89	S43	11,955,123,100		4,196,175,400	7,758,947,700	-4,196,175,400	11,955,123,100
2001—Nov 1	10.5	1989-90	S44 ⁽¹⁾		9,328,934,937	1,112,990,137	8,215,944,800	8,215,944,800	
Account without current transactions									-6,484,831,100
Total				47,755,686,300	9,328,934,937	16,155,944,837	40,928,676,400	-6,827,009,900	-5,567,811,509

⁽¹⁾ S44 includes bonds related to Government's participation in the Canada savings bonds Payroll Savings Plan.

Special Non-Marketable Bonds

Special non-marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada exclusively to the Canada Pension Plan Investment Fund, and have the following characteristics:

- not negotiable;
- not transferable;

—not assignable;

—issued in Canadian currency only;

—term to maturity of 20 years or less;

—interest payable semi-annually; and,

—redeemable at face value plus accrued interest.

Table 10.4 presents a summary of the balances and transactions for these special non-marketable bonds.

TABLE 10.4

SPECIAL NON-MARKETABLE BONDS

	April 1/1989	Issues	Retirements	March 31/1990	Net increase or decrease (—)	
					1990	1989
	\$	\$	\$	\$	\$	\$
Canada Pension Plan Investment Fund—						
Matured 1989-90	4,059,000		4,059,000		-4,059,000	
Maturing 1990-91	5,447,000			5,447,000		
1991-92	6,540,000			6,540,000		
1992-93	7,112,000			7,112,000		
1993-94	7,907,000			7,907,000		
1994-95	9,087,000			9,087,000		
1995-96	10,217,000			10,217,000		
1996-97	10,651,000			10,651,000		
1997-98	11,351,000			11,351,000		
1998-99	12,015,000			12,015,000		
1999-2000	17,709,000			17,709,000		
2000-01	22,971,000			22,971,000		
2001-02	17,622,000			17,622,000		
2002-03	17,414,000			17,414,000		
2003-04	17,259,000			17,259,000		
2004-05	16,661,000			16,661,000		
2005-06	239,955,000			239,955,000		
2006-07	1,352,282,000			1,352,282,000		
2007-08	699,981,000			699,981,000		
2008-09	519,360,000			519,360,000		519,360,000
2009-10		71,112,000		71,112,000	71,112,000	
Account without current transactions						-5,607,000
Total	3,005,600,000	71,112,000	4,059,000	3,072,653,000	67,053,000	513,753,000

Treasury Bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- common terms: 3 months, 6 months and 12 months;
- issued in Canadian currency only;
- transferable; and,
- bought and sold on the open market.

Three-month and six-month bills are usually issued weekly, while other bills are issued every two weeks, usually for periods of one year or less.

The balance at March 31, 1990 consists of \$39,100 million in three-month bills; \$39,800 million in six-month bills; and, \$39,650 million in 364-day bills.

Table 10.5 presents a monthly summary of Treasury bill issues and redemptions.

TABLE 10.5

TREASURY BILL ISSUES AND REDEMPTIONS

(in millions of dollars)

	Issues				Redemptions				Net change
	3 month bills	6 month bills	Other bills	Total	3 month bills	6 month bills	Other bills	Total	
April, 1989	12,450	6,100	3,750	22,300	11,350	5,800	2,050	19,200	3,100
May	11,150	5,550	4,350	21,050	10,950	3,750	3,900	18,600	2,450
June	17,250	8,850	6,400	32,500	14,600	6,950	4,350	25,900	6,600
July	12,250	6,000	4,850	23,100	12,450	5,800	5,300	23,550	-450
August	11,950	6,000	4,900	22,850	11,150	5,550	4,000	20,700	2,150
September	15,650	7,900	4,750	28,300	17,250	7,050	4,650	28,950	-650
October	11,750	5,900	3,750	21,400	12,250	6,100	3,400	21,750	-350
November	12,950	6,500	6,050	25,500	11,950	5,550	4,750	22,250	3,250
December	15,800	7,900	6,500	30,200	15,650	8,850	3,950	28,450	1,750
January, 1990	11,600	5,800	2,900	20,300	11,750	6,000	5,000	22,750	-2,450
February	11,650	5,750	4,200	21,600	12,950	6,000	2,600	21,550	50
March	15,850	7,950	5,000	28,800	15,800	7,900	4,700	28,400	400
	160,300	80,200	57,400	297,900	158,100	75,300	48,650	282,050	15,850
Balance at April 1, 1989									102,700
Balance at March 31, 1990									118,550

Notes and Loans

These accounts record borrowings made under agreements with banks in Canada, United States, Switzerland, Japan and other international banks. They also record the borrowings of Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc) which were directly assumed by the Government of Canada pursuant to Regional Industrial Expansion Vote 7c, Appropriation Act No. 4, 1984-85.

The balances at March 31, 1990 consist of:

- \$18,000,000 US (\$21,051,000 Cdn) in notes assumed from Canadair Financial Corporation Inc (now called Cartierville Financial Corporation Inc); and,
- 200,000,000 SF (\$156,080,000 Cdn) six year loan, from Swiss banks.

The foreign currency balances were translated into Canadian dollars using the year-end closing rates of exchange at March 31, 1990.

Table 10.6 presents a summary of the balances and transactions for the notes and loans.

TABLE 10.6

NOTES AND LOANS

Maturity date	%	Issue date	April 1/1989	Issues ⁽¹⁾	Retirements ⁽¹⁾	Net increase or decrease (—)		
						March 31/1990	1990	1989
			\$	\$	\$	\$	\$	\$
Payable in foreign currencies—								
United States dollars—								
Notes payable to—								
Debts assumed from Canadair								
Financial Corporation Inc ⁽²⁾	8.5	various	237,332,100		216,281,100	21,051,000	-216,281,100	-15,822,400
1990—Mar 22	11.5	Mar 22/85	596,250,000		596,250,000		-596,250,000	-21,200,000
			833,582,100		812,531,100	21,051,000	-812,531,100	-37,022,400
Swiss francs—								
1989—May 3	5.625	May 3/84	215,130,000		215,130,000		-215,130,000	-56,160,000
1990—May 15	5.125	May 15/84	143,420,000	12,660,000		156,080,000	12,660,000	-37,440,000
			358,550,000	12,660,000	215,130,000	156,080,000	-202,470,000	-93,600,000
Japanese yen—								
1993—Nov 27	7	Nov 27/85	718,640,000		718,640,000		-718,640,000	-75,840,000
Accounts without current transactions								-1,809,170,000
Total			1,910,772,100	12,660,000	1,746,301,100	177,131,000	-1,733,641,100	-2,015,632,400

⁽¹⁾ Issues and retirements include the translation of foreign currencies to Canadian dollars using closing rates of exchange at March 31.

⁽²⁾ Subject to redemption before maturity.

Canada Bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money markets under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term U.S. funds and have the following characteristics:

- issued at a discount in lieu of interest payments;

- term to maturity of not more than 270 days;

- transferable; and,

- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 1990.

Table 10.7 presents a monthly summary of Canada bill issues and redemptions.

TABLE 10.7

CANADA BILL ISSUES AND REDEMPTIONS

	Issues	Redemptions	Net change
	\$	\$	\$
April, 1989	421,821,252	406,479,128	15,342,124
May	476,822,835	493,582,986	-16,760,151
June	794,106,604	847,283,713	-53,177,109
July	583,118,354	545,909,711	37,208,643
August	340,411,477	202,537,212	137,874,265
September	181,125,412	554,592,716	-373,467,304
October	572,716,941	538,331,853	34,385,088
November	761,336,890	648,891,877	112,445,013
December	583,626,536	817,983,191	-234,356,655
January, 1990	693,287,394	442,718,700	250,568,694
February	781,822,194	745,483,236	36,338,958
March	1,159,791,804	783,462,765	376,329,039
	7,349,987,693	7,027,257,088	322,730,605
Balance at April 1, 1989			1,130,740,425
Balance before valuation			1,453,471,030
Exchange valuation adjustment at March 31, 1990			-7,677,824
Balance at March 31, 1990			1,445,793,206

SUPPLEMENTARY STATEMENTS

Interest Rates

Table 10.8 sets out unmatured debt as at March 31, for each of the years 1985-86 to 1989-90 inclusive, with the average rate of interest thereon. For purposes of comparison,

unmatured debt is classified as to marketable bonds, non-marketable bonds (include Canada savings bonds and the Canada Pension Plan Investment Fund), Treasury bills, notes and loans, and Canada bills.

TABLE 10.8

UNMATURED DEBT AS AT MARCH 31, FROM 1986 TO 1990, WITH THE AVERAGE RATE OF INTEREST THEREON

	Non-marketable bonds												Total unmatured debt (gross)	
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills			
	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate	Amount out-standing	Average interest rate
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1990	131,810	10.48	40,929	10.50	3,072	10.03	118,550	12.32	177	5.53	1,446	8.20	295,984	11.20
1989	121,121	10.61	47,756	10.50	3,005	10.03	102,700	11.30	1,911	8.73	1,131	9.41	277,624	10.82
1988	110,222	10.62	53,323	9.18	2,492	9.98	81,050	8.57	3,926	8.73	1,045	6.77	252,058	9.61
1987	100,294	10.90	44,309	8.35	1,796	10.00	76,950	7.87	5,097	9.82	1,045	5.81	229,491	9.34
1986	86,957	11.44	44,245	10.12	445	11.08	61,950	10.13	7,920	9.14			201,517	10.66

Where various rates of interest are applicable, the interest rate in effect at March 31 is used.

Table 10.9 shows the average high and low yields of Treasury bills, at tender, together with the average yield on the latest issues for the years 1985-86 to 1989-90 inclusively.

TABLE 10.9

TREASURY BILLS AVERAGE YIELDS AT TENDER

Year ended March 31	High	Low	Last issue
	%	%	%
Three-month bills—			
1990	13.26	11.89	13.26
1989	12.15	8.63	12.14
1988	9.58	6.90	8.53
1987	9.89	6.80	6.80
1986	11.85	8.52	10.19
Six-month bills—			
1990	13.59	11.59	13.59
1989	12.76	8.93	12.58
1988	10.53	7.17	8.81
1987	9.67	6.94	6.94
1986	11.59	8.75	10.19
Other bills—			
1990	13.51	10.97	13.51
1989	12.88	9.23	12.66
1988	11.10	7.38	9.02
1987	9.66	7.13	7.19
1986	10.96	8.38	9.89

Maturity of Government Debt

Table 10.10 presents total unmaturred debt arranged in order of maturity.

TABLE 10.10

MATURITY OF GOVERNMENT DEBT

	Non-marketable bonds												Total unmatured debt (gross)	
	Marketable bonds		Canada savings bonds		Canada Pension Plan Investment Fund		Treasury bills		Notes and loans		Canada bills			
	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate	Average interest rate						
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount		
	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%	\$(millions)	%
1991	11,130	10.14	3,808	10.50	5	7.77	118,550	12.32	156	5.13	1,446	8.20	135,095	12.04
1992	13,155	10.54	4,274	10.50	6	7.08							17,435	10.53
1993	10,930	10.65	5,540	10.50	7	7.36			21	8.50			16,498	10.60
1994	13,573	10.50	3,429	10.50	8	7.53							17,010	10.43
1995	13,401	10.80			9	8.55							13,410	10.80
1996/2000 ..	30,464	9.85	15,662	10.50	62	9.55							46,188	10.07
2001/05 ...	19,548	11.09	8,216	10.50	92	13.58							27,856	10.92
2006/10 ...	12,275	11.52			2,883	9.96							15,158	11.23
2011/15	7,325	9.36											7,325	9.36
2016/19 ...	9	10.19											9	10.19
	131,810	10.48	40,929	10.50	3,072	10.03	118,550	12.32	177	5.53	1,446	8.20	295,984	11.20

Note: this table includes unmaturred debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmaturred debt, can be found in Table 10.11.

Statement of all Borrowing Transactions on behalf of Her Majesty

Table 10.11 presents the information required by Section 49 of the Financial Administration Act. The borrowing transactions included in this table are: borrowings by the Government for general purposes, and borrowings by agent enterprise Crown corporations which are reported as such on the Government's Statement of Assets and Liabilities, except where the Government is the lender. Borrowings by non-agent enterprise Crown corporations are not included because such borrowings are not on behalf of Her Majesty.

TABLE 10.11

STATEMENT OF ALL BORROWING TRANSACTIONS ON BEHALF OF HER MAJESTY (in millions of dollars)

	April 1/1989	Issues/ Borrowings	Retirements	March 31/1990
Unmatured debt of the Government of Canada ⁽¹⁾	276,301	334,377	316,116	294,562
Borrowings of enterprise Crown corporations designated as agents of of Her Majesty ⁽²⁾	15,001	70,414	68,707	16,708
Total	291,302	404,791	384,823	311,270

⁽¹⁾ Details can be found in this section.

⁽²⁾ Details can be found in Section 6 (Table 6.7) of this volume.

SECTION 11

1989-90

PUBLIC ACCOUNTS

Other Information Related to the Financial Statements

CONTENTS

	<i>Page</i>
Other accounts reported on the Statement of Assets and Liabilities—	
Accounts receivable	11.2
Cash in transit	11.4
Cash	11.6
Fixed assets	11.8
Accumulated deficit	11.8
Other information—	
Contractual commitments	11.10
Insurance programs of agent enterprise Crown corporations	11.14
Contingent liabilities	11.15

OTHER ACCOUNTS REPORTED ON THE STATEMENT OF ASSETS AND LIABILITIES

This section contains information on accounts reported on the Statement of Assets and Liabilities, which are not included elsewhere in this volume. These accounts are:

- accounts receivable;
- cash in transit;
- cash;
- fixed assets; and,
- accumulated deficit.

Accounts Receivable

Table 11.1 presents a summary of the balances and transactions for accounts receivable. Chart A compares accounts receivable for the last five fiscal years.

TABLE 11.1
ACCOUNTS RECEIVABLE

	April 1/1989	Credits	Charges	March 31/1990	Net increase or decrease (—)	
	\$	\$	\$	\$	1990	1989
					\$	\$
Non-tax revenue receivable	1,907,000,000	1,907,000,000	1,998,000,000	1,998,000,000	91,000,000	69,000,000
Accounts receivable of consolidated Crown corporations ⁽¹⁾	250,379,000	250,379,000	321,648,000	321,648,000	71,269,000	—38,708,000
Total	2,157,379,000	2,157,379,000	2,319,648,000	2,319,648,000	162,269,000	30,292,000

⁽¹⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

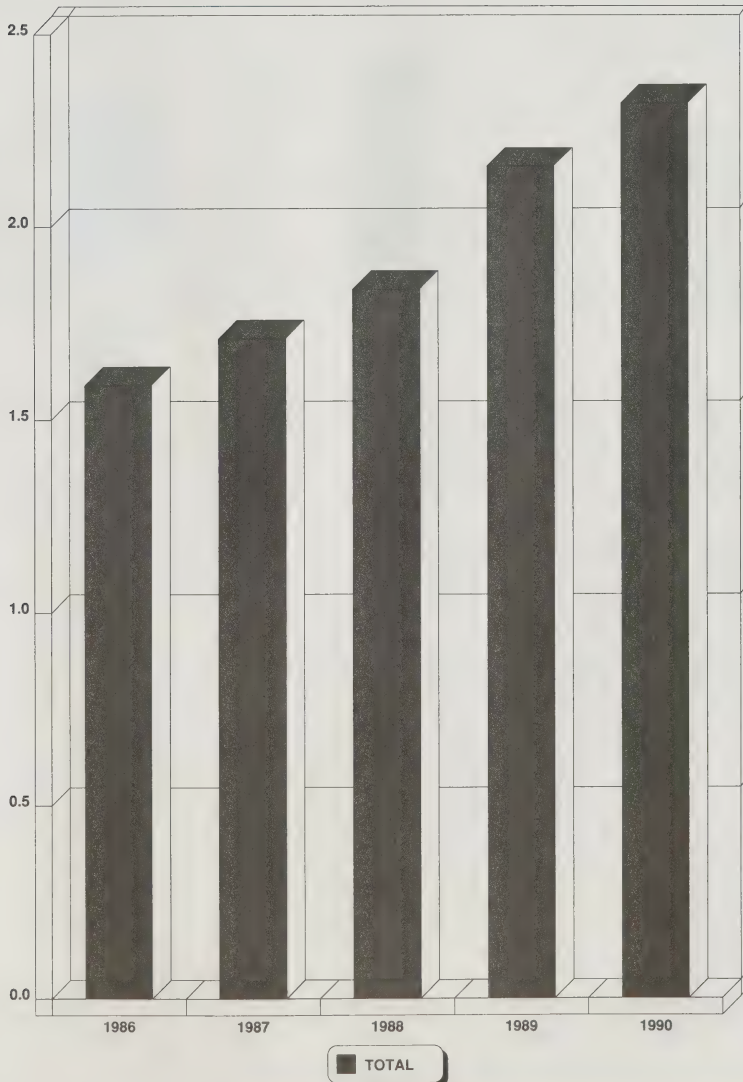
Non-tax revenue receivable

This account records accrued financial claims arising from non-tax revenue amounts owed to the Government.

Accounts receivable of consolidated Crown corporations

This account records the financial claims of consolidated Crown corporations.

CHART A
ACCOUNTS RECEIVABLE
(in billions of dollars)



Cash in Transit

Table 11.2 presents a summary of the balances and transactions for cash in transit. Chart B compares cash in transit for the last five fiscal years.

TABLE 11.2

CASH IN TRANSIT

	April 1/1989	Credits	Charges	March 31/1990	Net increase or decrease (—)	
	\$	\$	\$	\$	1990	1989
					\$	\$
Cash in hands of collectors in transit	1,603,483,534	1,603,483,534	1,776,203,283	1,776,203,283	172,719,749	—671,566,473
Moneys received after March 31 but applicable to the current year	331,106,792	331,106,792	187,799,552	187,799,552	—143,307,240	284,003,751
Other cash—Consolidated Crown corporations ⁽¹⁾	152,047,000	152,047,000	172,120,000	172,120,000	20,073,000	40,300,000
Total	2,086,637,326	2,086,637,326	2,136,122,835	2,136,122,835	49,485,509	—347,262,722

⁽¹⁾ In 1989-90, changes have been made in accounting policies, and certain Crown corporations are now part of the Government's reporting entity. The changes were applied retroactively and the previous year's deficit and accumulated deficit have been restated for consistency. Additional information is provided in Section 5 of this volume (Table 5.1) and in the audited financial statements (Section 2 of this volume).

Cash in hands of collectors and in transit

This account records public moneys received by public officers prior to April 1, but not deposited to the credit of the Receiver General for Canada in the Bank of Canada, before that date.

Moneys received after March 31 but applicable to the current year

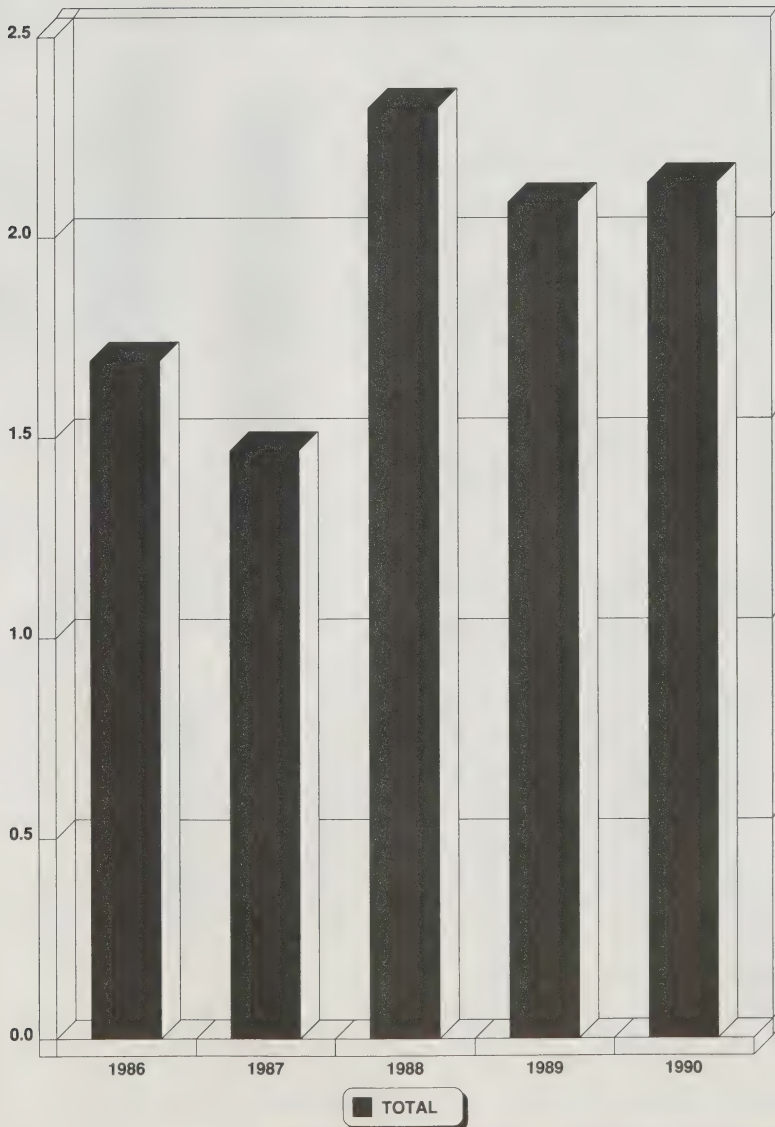
Public moneys received after March 31, but applicable to the year just ended, are recorded in this account.

This account includes refunds of old year expenditure received prior to the closing of the accounts, and receipts to be credited to asset, liability, and (in exceptional cases) revenue accounts, where the omission of the credits in the old year would tend to make the accounting incomplete or inconsistent.

Other cash—Consolidated Crown corporations

This account records the cash position of the consolidated Crown corporations. These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of these Crown corporations.

CHART B
CASH IN TRANSIT
(in billions of dollars)



Cash

The Government's cash account represents public moneys on deposit at March 31, to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions.

The cash position of the Government is affected not only by budgetary transactions, but also by non-budgetary, foreign exchange and unmatured debt transactions, all of which must be taken into account when considering the full scope of the Government's financial operations.

Table 11.3 presents a summary of the balances and related transactions in current and special Receiver General deposits. Chart C compares cash for the last five fiscal years.

The year-end balances denominated in foreign currencies have been translated into Canadian dollar equivalents at year-end closing rates of exchange. Foreign currencies held include United Kingdom pounds sterling, United States dollars, Belgian, Swiss and French francs, and West German marks.

TABLE 11.3

CASH

	April 1/1989	Receipts	Disbursements	March 31/1990	Net increase or decrease (-)	
	\$	\$	\$	\$	1990	1989
Receiver General—						
Current deposits—						
Canadian currencies	1,708,379,037	531,997,984,048	532,337,042,552	1,369,320,533	-339,058,504	327,485,109
Foreign currencies	101,485,440	1,759,566,414	1,741,147,585	119,904,269	18,418,829	-34,705,514
Special deposits	23,332,746	2,069,676,773	2,070,541,601	22,467,918	-864,828	7,129,106
Total	1,833,197,223	535,827,227,235	536,148,731,738	1,511,692,720	-321,504,503	299,908,701

Receiver General current deposits

The monthly balances of Canadian and foreign currency deposits for the last five years are presented in the following tables:

TABLE 11.4

CASH IN CANADIAN CURRENCY DEPOSITS (in millions of dollars)

At end of month of	Year ended March 31				
	1990	1989	1988	1987	1986
April	821	865	7,268	3,491	3,268
May	3,353	3,874	4,046	4,874	3,989
June	2,636	2,348	615	2,951	2,747
July	1,466	3,588	3,101	3,190	2,437
August	3,112	3,021	1,814	2,474	3,634
September	869	1,953	2,532	1,658	4,527
October	1,064	5,028	5,624	5,104	6,449
November	331	76	7,154	2,141	10,566
December	2,658	3,083	2,942	3,343	5,599
January	4,241	912	2,829	3,123	3,953
February	2,981	988	2,654	4,075	4,993
March	1,369	1,708	1,381	4,479	4,566

TABLE 11.5

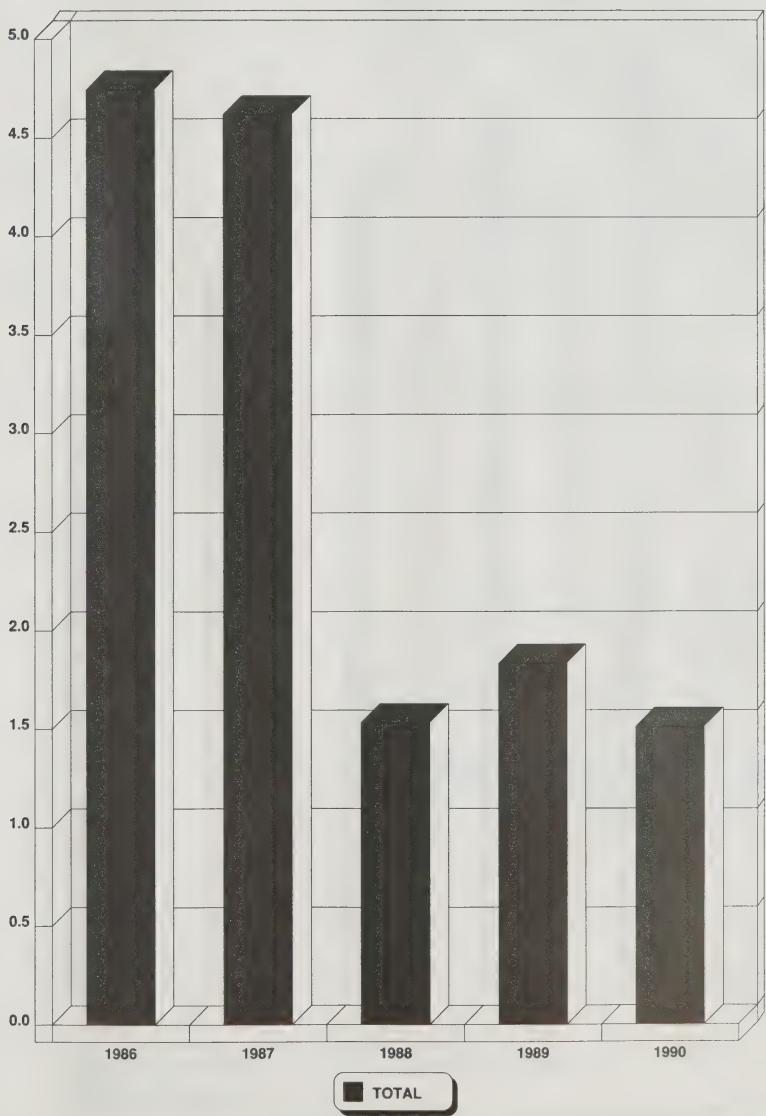
CASH IN FOREIGN CURRENCY DEPOSITS (translated into Canadian dollars) (in millions of dollars)

At end of month of	Year ended March 31				
	1990	1989	1988	1987	1986
April	51	110	74	73	30
May	77	95	81	82	29
June	79	99	111	71	37
July	84	97	106	83	44
August	55	80	83	83	72
September	65	91	72	63	72
October	51	116	70	57	43
November	80	50	79	81	36
December	40	40	87	105	90
January	73	61	107	79	84
February	84	151	78	73	86
March	120	101	136	122	154

Receiver General special deposits

These are balances in the hands of fiscal agents of the Government, for the purchase or redemption of Government securities, and for the payment of interest.

CHART C
CASH
(in billions of dollars)



Fixed Assets

Fixed assets are tangible, durable items of value, including major additions or alterations thereto, from which benefits are expected to be derived during their useful lives.

The fixed assets of the Government, which include land, engineering structures and works (such as canals, harbours and roads), buildings, and machinery and equipment, are charged to budgetary expenditure at the time of acquisition or construction, in accordance with the accounting policies of the Government of Canada which are described in Note 1 to the audited financial statements (Section 2 of this volume). Their existence, however, is acknowledged on the Statement of Assets and Liabilities by reporting them at the nominal value of \$1.

Accumulated Deficit

The accumulated deficit is the account recording the net sum of annual deficits and surpluses of the Government of Canada since Confederation, together with certain amounts charged or credited directly to this account. The accumulated deficit is also equal to the excess of recorded liabilities over total financial assets.

A Statement of Accumulated Deficit is published in Section 2 of this volume.

Table 11.6 presents a five year comparative statement of the accumulated deficit, in terms of total liabilities and total financial assets. Chart D compares the accumulated deficit in terms of total liabilities and total financial assets for the last five fiscal years.

TABLE 11.6
STATEMENT OF ACCUMULATED DEFICIT IN
TERMS OF TOTAL LIABILITIES AND TOTAL
FINANCIAL ASSETS
(in millions of dollars)

As at March 31	Total liabilities	Less: total financial assets	Accumulated deficit	
			Amount	Increase or decrease (-)
1990	399,436	41,475	357,961	28,996
1989	373,547	44,582	328,965	28,951
1988	342,532	42,518	300,014	28,201
1987	311,510	39,697	271,813	30,733
1986	277,803	36,723	241,080	34,583

CHART D
ACCUMULATED DEFICIT
 (in billions of dollars)



OTHER INFORMATION

Contractual Commitments

A contractual commitment represents a written obligation to outside organizations or individuals as a result of a contract. The nature of the Government's activities requires it to enter into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditure. Major capital assets of the Government are either purchased outright or leased. Where a lease transfers substantially all of the benefits and risks incidental to ownership of the property to the lessee, it is considered a capital lease. All other leases are classified as operating leases. Contractual commitments can be classified into four categories: fixed assets, purchases, operating leases and capital leases.

All contractual commitments of \$100 million or more per project are reported in the case of fixed assets, purchases and operating leases. In the case of capital leases, all capital lease arrangements with total minimum lease payments remaining at year end in excess of \$1 million per contract are reported.

In accordance with the Government's significant accounting policies, the contractual commitments of consolidated Crown corporations are included with those of the Government.

Fixed assets, purchases and operating leases

Table 11.7 provides details of contractual commitments that involve fixed assets, operating leases and purchases. It discloses individual contractual commitments by category and by entity. Contractual commitments are summarized in Note 15 to the audited financial statements in Section 2 of this volume.

Fixed assets are tangible, durable items of value, including major additions or alterations thereto and including military equipment, from which benefits are expected to be derived during their useful life and including land.

Purchase commitments are commitments supported by a contract to supply goods or services. An operating lease is a lease in which the lessor does not transfer substantially all the benefits and risks incident to ownership of property.

TABLE 11.7

**FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1990**
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitment to be disbursed by March 31					
					1991	1992	1993	1994	1995	1996/2000
Fixed assets—										
National Defence—										
Heavy Logistics										
Military										
Vehicle	257	257	156	101	87	14				
Tribal Class										
Update and										
Modernization Pro-										
gram—Warships	1,421	1,244	908	336	108	134	67	27		
Arctic and										
maritime										
surveillance										
aircraft	257	165	1	164	2	154	8			
Low Level Air										
Defence—Anti-air-										
craft guns and surface-										
to-air missiles	1,135	858	382	476	104	233	122	17		
Canadian Patrol										
Frigate										
Program—Warships ..	9,265	7,233	4,044	3,189	850	537	418	307	259	818
North American										
Air Defence										
Modernization—										
Land, buildings,										
radar sites										
and communications										
equipment	997	800	474	326	161	106	59			

TABLE 11.7

FIXED ASSETS, PURCHASES AND OPERATING LEASES
AS AT MARCH 31, 1990—*Concluded*
(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding commitment	Outstanding commitment to be disbursed by March 31					
					1991	1992	1993	1994	1995	1996/2000
Transport—										
Radar Automation Mod- ernization Program ..	616	605	516	89	54	29	6			
Automated flight data processing and display systems ..	466	377	2	375	39	65	52	56	110	53
Sub total	14,414	11,539	6,483	5,056	1,405	1,272	732	407	369	871
Consolidated Crown corporations—										
National Capital Commission				4	4					
VIA Rail Canada Inc ...				116	116					
Sub total				120	120					
Total fixed assets	14,414	11,539	6,483	5,176	1,525	1,272	732	407	369	871
Purchases —										
National Defence—										
Ammunition	1,057	1,057	888	169	131	17	21			
Consolidated Crown corporations—										
Canadian Broadcasting Corporation				305	305					
Canadian Film Develop- ment Corporation				32	32					
International Centre for Ocean Development				11	11					
Sub total				348	348					
Total purchases	1,057	1,057	888	169	131	17	21			
Operating leases—										
Consolidated Crown corporations—										
Canada Council				15	2	2	2	2	2	5
Canada Harbour Place				3				1	2	
International Development Research Centre				37	6	5	5	5	4	12
Jacques Cartier and Champlain Bridges Incorporated, The ...				1		1				
National Capital Commission				8	4	3	1			
VIA Rail Canada Inc ...				317	10	14	10	9	10	264
Total operating leases				381	22	25	18	17	18	281
Total	15,471	12,596	7,371	5,726	1,678	1,314	771	424	387	1,152

Capital Leases

Table 11.8 provides details of commitments under capital lease arrangements which are summarized in Note 15 to the audited financial statements in Section 2 of this volume. A capital lease is a lease that, from the point of view of the Government, transfers substantially all the benefits and risks incident to ownership of the asset to the Government. Table 11.9 presents commitments under capital lease arrangements in order of maturity. There were no purchase options exercised during the year.

TABLE 11.8

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS

(in thousands of dollars)

Department and agency identification of capital lease	Inception date	Lease term in years	Fair value of leased property at inception	Total estimated minimum lease payments, full term (excluding executory costs)	Implicit interest rate (%)	Balances at March 31, 1990			
						Total estimated remaining mini- mum lease payments	Less: imputed interest, using the implicit interest rate	Less: executory costs	Net commit- ments under capital lease arrange- ments
Communications									
Vax System 3600	March 9, 1989	5	1,515	1,637	10	1,174	145		1,029
Indian Affairs and Northern Development									
Hewlett Packard computers	July 1, 1986	5	5,597	7,025	9	1,209	95		1,114
Industry, Science and Technology									
Mini computers	Jan 1, 1986	5	1,583	2,063	7	1,187	119	840	228
Public Works									
Guy Favreau Building, Montréal ...	Dec 1, 1983	35	87,600	422,950	13 ⁽²⁾	351,812	264,776		87,036
240 Sparks St, CD Howe Building ...	Jan 1, 1979	35	63,853	213,500	9 ⁽²⁾	144,875	86,434		58,441
L'Esplanade Laurier, Ottawa	July 1, 1975	35	60,374	222,715	9 ⁽²⁾	136,442	82,042		54,400
Place du Centre, Hull	Dec 1, 1977	30	26,201	96,600	11 ⁽²⁾	59,354	35,723		23,631
Terrasses de la Chaudière, Hull	July 1, 1977	35	146,084	564,230	10 ⁽²⁾	378,361	242,211		136,150
Cornwall, Government of Canada									
Building (GOCB)	Dec 1, 1984	35	9,600	49,420	15 ⁽²⁾	41,890	32,378		9,512
Scarborough (GOCB)	Dec 1, 1984	35	38,900	191,965	13 ⁽²⁾	164,239	125,693		38,546
Chatham (GOCB)	June 1, 1985	35	4,940	20,783	12 ⁽²⁾	17,915	13,048		4,867
Place Vincent Massey, Hull	Aug 1, 1986	25	23,439	78,627	13	67,092	43,760		23,332
Canada Place, Edmonton	Oct 1, 1988	35	105,000	438,865	12	420,057	315,463		104,594
			565,991 ⁽¹⁾	2,299,655		1,782,037	1,241,528		540,509
Total			574,686	2,310,380		1,785,607	1,241,887	840	542,880

⁽¹⁾ Estimated fair value.⁽²⁾ Lessors'/Lessees' financing rate per lease agreement is subject to change over term of lease.

TABLE 11.9

COMMITMENTS UNDER CAPITAL LEASE ARRANGEMENTS IN ORDER OF MATURITY
(in thousands of dollars)

Department and agency	Payments due in											Total
	1991	1992	1993	1994	1995	1996 to 2000	2001 to 2005	2006 to 2010	2011 to 2015	2016 to 2020	2021 to 2025	
Communications												
Remaining payments	293	293	294	294								1,174
Imputed interest	70	49	26									145
Net commitments	223	244	268	294								1,029
Indian Affairs and Northern Development												
Remaining payments	1,209											1,209
Imputed interest	95											95
Net commitments	1,114											1,114
Industry, Science and Technology												
Remaining payments	1,187											1,187
Imputed interest	119											119
Executory costs	840											840
Net commitments	228											228
Public Works												
Remaining payments	63,664	63,664	63,664	63,664	63,664	318,319	318,319	321,465	283,997	177,630	43,987	1,782,037
Imputed interest	59,896	59,504	59,072	58,595	58,068	280,224	255,499	206,546	128,258	66,274	9,592	1,241,528
Net commitments	3,768	4,160	4,592	5,069	5,596	38,095	62,820	114,919	155,739	111,356	34,395	540,509
Summary												
Remaining payments	66,353	63,957	63,958	63,958	63,664	318,319	318,319	321,465	283,997	177,630	43,987	1,785,607
Imputed interest	60,180	59,553	59,098	58,595	58,068	280,224	255,499	206,546	128,258	66,274	9,592	1,241,887
Executory costs	840											840
Net commitments	5,333	4,404	4,860	5,363	5,596	38,095	62,820	114,919	155,739	111,356	34,395	542,880

Insurance Programs of Agent Enterprise Crown Corporations

At present, three Crown corporations operate insurance programs as agents of Her Majesty. An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision operated by the corporation. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

TABLE 11.10

SUMMARY OF INSURANCE PROGRAMS OF AGENT ENTERPRISE CROWN CORPORATIONS FOR THE YEAR ENDED MARCH 31, 1990 (in millions of dollars)

	Canada Deposit Insurance Corporation ^[1]		Canada Mortgage and Housing Corporation ^[2]						Export Development Corporation ^[3]	
	1989-90	1988-89	Mortgage Insurance Fund	Mortgage-Backed Securities Guarantee Fund	Home Improvement Loan Fund	Rental Guarantee Fund	1989-90	1988-89	1989-90	1988-89
Insurance in force as at reporting date	233,022	245,123	49,830	45,600	4,472	1,569	(4)	(4)	N/A	N/A
Opening balance of Fund	-1,062	-1,136	-82	-261	(4)	-1	1	1	12	11
Revenue for the year—										
Premiums and fees	245	216	161	137	1	1				
Investment income	4	2	71	47	1					
Other revenue	25	-7		1					1	2
Total revenue	274	211	232	185	2	1	(4)	(4)	1	2
Expense for the year—										
Loss on claims	-78	-40	-6	-59						
Interest on loans	165	167								
Administrative	13	10	73	65	1	1			-3	1
Funds returned to Government										
Total expense	100	137	67	6	1	(4)	(4)	(4)	-3	1
Net income/loss (-) for the year	174	74	165	179	1	(4)	(4)	(4)	4	1
Closing balance of Fund	-888	-1,062	83	-82	1	(4)	1	1	16	12
Net claims during the year ^[5]	-195	-33	-30	8	N/A	N/A	(4)	(4)	N/A	N/A
Five year average of net claims paid	258	315	13	66	N/A	N/A	(4)	(4)	N/A	N/A

N/A—Not applicable.

[1] The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$60,000 per depositor, per institution. In recent years, premiums paid by member institutions have not been sufficient to meet obligations incurred by CDIC under the insurance plan. This deficiency has been funded, in part, by loans from the Government of \$1,375 million at March 31, 1990 (\$1,695 million at March 31, 1989). The Government is continuing to explore alternatives to allow CDIC, over the long run, to eliminate its deficiency without budgetary support from the Government. Since there is no reason to believe that this will not be the case, no provision has been made in the accounts of Canada for the losses experienced by CDIC.

[2] Canada Mortgage and Housing Corporation (CMHC) administers four funds of which the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund are active. The MIF provides insurance for a fee, to private sector lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by private institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF as of September 30, 1989 disclosed that the Fund is more than sufficient to pay all future claims with respect to business in force. The surplus as at September 30, 1989 was estimated to be \$4.2 million. The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a fee paid by approved financial institutions, CMHC and ultimately the Government, guarantee timely payment of principal and interest to MBS investors who participate in a pool of MIF insured first residential mortgages which have been repackaged by the financial institution into investments of \$5,000 denominations. Since 1984, the Corporation has also operated the Mortgage Rate Protection Program (MRPP). As premiums collected by CMHC for the Program are remitted directly to the Consolidated Revenue Fund (CRF) and obligations of the MRPP are ultimately payable from the CRF, the Mortgage Rate Protection Program does not meet the definition of a Crown corporation insurance plan as defined above. Therefore, operating particulars of this Program are not included in this summary but some information will be found in the notes to the Government of Canada Statement of Contingent Liabilities.

[3] The Export Development Corporation (EDC) provides export and foreign investment insurance to Canadian business to facilitate and develop export trade. The insurance fund has been adequate to provide for the full cost of claims experienced to date and to establish an allowance for future claims based on previous claims experience.

[4] Less than \$500,000.

[5] Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Contingent Liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

For the purpose of reporting contingent liabilities, the Government of Canada is defined as all organizations which are accountable for the administration of their affairs and resources either to a Minister of the Government or directly to Parliament, and which are owned or controlled by the Government. Except for Government enterprises, all Government organizations are accounted in the financial statements by consolidation. Government enterprises are accounted for by the cost method and are defined to be those corporate organizations that sell goods and services to individuals and non-government organizations as their principal activity, and are not appropriation-dependent.

Consequently, the contingent liabilities of consolidated Crown corporations are included with those of the Government in Table 11.11 but in summary form only. For further details of contingent liabilities of consolidated Crown corporations, refer to Table 5.5—"Contingent Liabilities of Consolidated Crown Corporations". Particulars of contingent liabilities of enterprise

Crown corporations are not consolidated with those of the Government but details of these contingencies may be found in Table 6.10—"Contingent Liabilities of Enterprise Crown Corporations". Some Crown corporations also operate insurance programs. Information regarding these insurance programs can be found in Table 11.10 of this section.

The contingent liabilities of the Government comprise explicit guarantees by the Government, which include borrowings by other than Crown corporations, both from agent Crown corporations and from other than agents. Such explicit guarantees consist of guarantee programs of the Government, explicit guarantees by the Government for loans, financial arrangements and other potential liabilities, insurance programs of the Government and other explicit guarantees. They also comprise potential losses arising from pending and threatened litigation relating to claims and assessments in respect of breach of contract, damages to persons and property, and like items. Pending and threatened litigation is reported in total as are the contingent liabilities of consolidated Crown corporations in the following table. This table is also summarized in Note 17 to the audited financial statements of the Government in Section 2 of this volume.

TABLE 11.11

STATEMENT OF CONTINGENT LIABILITIES AS AT MARCH 31, 1990

	Authorized limit (where applicable) ⁽¹⁾	Contingent liability ⁽²⁾	Percentage of net claims to outstanding guarantees (where applicable) ⁽³⁾
	\$	\$	%
EXPLICIT GUARANTEES BY THE GOVERNMENT OF—			
Borrowings by Crown corporations which are not agents of Her Majesty—			
Canadian National Railway Company—Bonds and notes	130,500	130,500	
Borrowings by other than Crown corporations—			
From agents—			
Loans to Indians by the Canada Mortgage and Housing Corporation and the Farm Credit Corporation, for on-reserve housing	575,000,000	69,801,943 ⁽⁴⁾	0.5
From other than agents ⁽⁵⁾			
Guarantee programs of the Government—			
Canada Student Loans Act	6,064,654,494	2,842,770,565	2.8
Small Businesses Loans Act	936,562,705 ⁽⁶⁾	471,248,260	5.4
Farm Improvement Loans Act and Farm Improvement and Marketing Cooperatives Loans Act	355,030,296 ⁽⁶⁾	158,078,242	1.0
Atlantic Enterprise Program	152,215,218	152,215,218 ⁽⁷⁾	0.1
Enterprise development program and Canadian Industrial Renewal Board	967,080,282	10,371,832 ⁽⁸⁾	12.9
Fisheries Improvement Loans Act	21,692,999 ⁽⁶⁾	7,366,073	12.3
Advance Payments for Crops Act	400,000,000	4,758,635	0.1
Regional Development Incentives Act	20,704,075	3,244,033	33.0
Loans to Indians by approved lenders for on-reserve housing	⁽⁹⁾	438,894,865 ⁽⁴⁾	0.1
Financial obligations incurred by air carriers regarding purchase of The de Havilland Aircraft of Canada, Limited DHC-7 and DHC-8 aircraft	917,375,000 ⁽¹⁰⁾	432,588,282 ⁽¹⁰⁾	
Indian economic development	33,984,142 ⁽¹¹⁾	3,865,872 ⁽⁴⁾	9.3
Loans to promote the commercial activities of Eskimos	5,000,000	⁽¹²⁾	
	9,874,299,211	4,525,401,877	

TABLE 11.11

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1990—Continued

	Authorized limit (where applicable) ^[1]	Contingent liability ^[2]	Percentage of net claims to outstanding guarantees (where applicable) ^[3]
	\$	\$	%
Other explicit loan guarantees—			
Loans to NewGrade Energy Inc to finance construction of a heavy oil upgrader	275,000,000	265,891,988	
Loans to construct coal handling and terminal facilities by Ridley Terminals Inc	230,000,000	199,500,000	
Loans to Marine Industries Limited for acquisition of assets	55,000,000	42,000,000	
Loan to St Marys Paper Inc to modernize and expand a paper making facility at Sault Ste Marie, Ontario	15,000,000	15,000,000	
Loans for the restructuring of Maislin Industries Ltd	9,940,750 ^[10]	9,940,750 ^{[10]([13])}	
Loan to Nardex Canada Ltée for the manufacture of radio- protection and radio-telecommunication systems	403,750	403,750	
Loans for the financing of Cheticamp Fishermen's Co-operative Society Ltd	360,000	107,632	
	585,704,500	532,844,120	
Insurance programs of the Government— ^[14]			
Insurance against accidents at nuclear installations under the Nuclear Liability Act ^[15]	675,000,000	663,965,979	
Insurance under the Fishing Vessel Insurance Plan ^[16]	24,163,815	368,618,000	
Accounts administered for the Government by the Export Development Corporation—Insurance and related guarantees	7,000,000,000 ^[17]	54,000,000	
	7,699,163,815	1,086,583,979	
Other explicit guarantees— ^[18]			
Guarantees under the Prairie Grain Advance Payments Act	95,327,004	95,327,004	^[19]
Guarantees under the Agricultural Products Cooperative Marketing Act	38,641,340	38,641,340	0.1
Guarantee of electricity sales by Yukon Energy Corporation to Curragh Resources Inc	2,100,000	2,100,000 ^[20]	
Guarantee to City of Toronto of payment by H&D International Group of 25% of the estimated cost of a proposed pedestrian bridge connecting Skydome Stadium to Harbourfront Corporation property	500,000	500,000	
Guarantees of residual liabilities resulting from the devolution of Northern Canada Power Commission			^[21]
	136,568,344	136,568,344	
Total explicit guarantees	18,870,866,370	6,351,330,763	
PENDING AND THREATENED LITIGATION		10,489,144,065 ^{[10]([22])}	
COMPREHENSIVE NATIVE LAND CLAIMS		1,964,000,000 ^[23]	
Sub Total ^[24]		18,804,474,828	
CONTINGENT LIABILITIES OF CONSOLIDATED CROWN CORPORATIONS		195,555,000 ^[25]	
Total		19,000,029,828	

^[1] The authorized limits indicated in the preceding statement, represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

^[2] A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur.

^[3] Represents the average percentage over the most recent 5 years of net claims to the average amount of outstanding guarantees for the same period computed as at March 31, 1990. In some situations, where historical data is not readily available, departmental estimates have been used.

^[4] Includes committed guarantees for the following loans to be made: to Indians for on-reserve housing, \$76,776,202 and for Indian economic development, \$806,489. As at the reporting date, no loans had been issued for these amounts.

^[5] A letter of comfort has been issued by the Minister of Finance with respect to loan guarantees provided by the Bank of Canada to the Bank for International Settlements. The letter pertains to a short-term bridge financing operation in favour of Venezuela. The Government's potential and actual liability at March 31, 1990 was \$1,200,000 US.

^[6] The Act places limits on the maximum amount of guarantee for loans made by eligible lenders over different loan periods. The maximum amount of guarantee by lender is expressed in legislation as a percentage of aggregate loans made to qualified borrowers and varies according to the dollar value range of aggregate loans made by the lender. The authorized limits for given loan periods are included in the figure reported until all qualified loans made by all eligible lenders in the given periods are no longer outstanding, and are not adjusted for loan repayments nor payments made by the Government for guaranteed amounts in which default has occurred.

^[7] The Atlantic Enterprise Program offers loan insurance on new term loans for the establishment, expansion or modernization of commercial operations in eligible sectors in the Atlantic provinces where the Program is administered by the Atlantic Canada Opportunities Agency (\$124,614,811 as at March 31, 1990) and in the Gaspé Peninsula and Magdalen Islands of Québec where administration of the Program is the responsibility of the Department of Industry, Science and Technology (\$27,600,407 as at March 31, 1990). Industry, Science and Technology also has responsibility for all capital projects in excess of \$20 million.

^[8] Includes \$62,034 attributable to the Canadian Industrial Renewal Board.

TABLE 11.11

STATEMENT OF CONTINGENT LIABILITIES
AS AT MARCH 31, 1990—*Concluded*

- ^[9] The authorized limit for loan guarantees for on-reserve housing totals \$575,000,000 (as shown above) for loans made by the Canada Mortgage and Housing Corporation, the Farm Credit Corporation and other approved lenders.
- ^[10] Amount denominated wholly or partially in a foreign currency and translated at the closing rate of exchange as at date of statement.
- ^[11] The maximum aggregate amount that may be paid or that may have been paid from the Consolidated Revenue Fund (CRF) relative to Indian economic development in previous, current or subsequent years, with respect to all guarantees authorized and granted, is set at \$60 million. As at March 31, 1990, a total of \$26,015,858 has been expended from the CRF leaving a balance of \$33,984,142 available for disbursement.
- ^[12] Loans under the guarantee have been repaid in full and consequently contingent liability no longer exists.
- ^[13] Maislin Industries Ltd was placed in receivership on July 11, 1983 and was declared bankrupt on October 19, 1983. To date, the Government has made interim payments totalling \$18,500,000 US to creditors under a guarantee in the amount of \$27,000,000 US. It is anticipated that the Government will be called upon to make a final payment of possibly \$8,500,000 US to settle remaining obligations to creditors when certain issues are settled in US Bankruptcy Court, however the amount cannot be determined at present with any certainty.
- ^[14] Since 1984, the Canada Mortgage and Housing Corporation (CMHC) has operated the Mortgage Rate Protection Program on behalf of the Government. In return for payment of a premium, CMHC will reimburse homeowners 75% of any increase in monthly mortgage payments, above a deductible, due to higher interest rates at the time of mortgage renewal. As recent mortgage interest rates have been relatively stable, the Program is not widely utilized and loans covered by the Program at March 31, 1990 amounted to only \$911,000 (\$911,000 at March 31, 1989). Premiums collected by CMHC are remitted directly to the Consolidated Revenue Fund (CRF) and obligations are ultimately payable from the CRF. Because of the nature of the Program, it is not possible to estimate the amounts, if any, that might be payable at some future date.
- ^[15] There have been no claims under the Nuclear Liability Act since its inception in 1970. The Act covers 15 Canadian nuclear installations as at March 31, 1990.
- ^[16] The Fishing Vessel Insurance Plan is administered by the Government to assist fishermen in meeting abnormal capital losses. A consolidated specified purpose account is credited with all amounts received by way of premiums, recoveries and with advances in accordance with regulations by the Government, such advances not to exceed \$150,000 at any time. The account is debited with refunds of premiums and payments in settlement of third party vessel collision damage claims against fishermen, where the collision involves a vessel insured under the Plan. As at March 31, 1990, the insured value of vessels under the Plan amounted to \$368,618,000; the balance of the account was \$24,013,815 and outstanding claims against the Plan amounted to \$1,250,000.
- ^[17] The Export Development Act specifies that Export Development Corporation may enter into contracts of insurance, re-insurance, related guarantees and other agreements up to a maximum of \$7 billion, the authorized limit.
- ^[18] A letter of comfort has been issued with respect to credit grain sales by the Canadian Wheat Board. The letter states that the Government will assume responsibility for the liabilities arising from defaults in payment by countries purchasing Canadian grain on credit. Receivables under this guarantee amounted to approximately \$4.2 billion at March 31, 1990.
- ^[19] Less than 0.1%.
- ^[20] The Government has agreed to pay Yukon Energy Corporation up to \$300,000 per year up to March 31, 1997 should electricity sales to Curragh Resources Inc. fall below specified limits.
- ^[21] Contingent liability no longer exists.
- ^[22] Includes \$7.7 billion related to native statutory and treaty obligations representing plaintiffs' claims in 73 litigation cases. There are another 120 similar cases for which amounts are not stated in the claims, and for which it is not possible to determine the amounts that may be ultimately payable.
- ^[23] The Government has 6 comprehensive native land claims under negotiation which is the maximum number that may be negotiated at any one time. Two of these claims are awaiting ratification and one has been agreed to in principle. Should all 3 claims be ratified, and the legislation for the settlement thereof be enacted, the Government of Canada would be liable to pay financial compensation of \$1.4 billion which would come due and payable over a number of years. In addition to the compensation payments, the settlement of these 3 claims would lead to implementation costs, estimated to be \$600 million, over the next ten years.
- ^[24] Contingent gains. A contingent gain is a potential gain or possible recovery that may become an actuality when one or more future events occur or fail to occur. Two departments reported contingent gains as at March 31, 1990 totalling approximately \$9.5 million.
- ^[25] In accordance with the Government's significant accounting policies, the contingent liabilities of Crown corporations that rely on Government funding as their principal source of revenue, are consolidated with those of the Government. See Table 5.5 of this volume for further details of contingent liabilities of consolidated Crown corporations.

SECTION 12

1989-90

PUBLIC ACCOUNTS

Index

INDEX

NOTE—NUMBERS IN **BOLD FACE** PERTAIN TO SECTIONS**A**

- Accounts payable, **8.4, 8.5**
- Accounts receivable, **2.8, 11.2**
- Accumulated deficit, **2.15, 11.8**
 - of consolidated Crown corporations, **11.2**
 - statement for the year ended March 31, 1990, **2.6**
- Administered trust accounts, **7.13, 7.16**
- Advance account—Canadian Film Development Corporation, **7.20, 7.26**
- Advance payments, Statistics Canada, **7.21, 7.30**
- African Development Bank, **6.36**
- Agricultural Commodities Stabilization Accounts, **5.12, 5.15**
- Agricultural service centres, **6.27, 6.29**
- Air Canada, **6.39**
- Allowance for borrowings of agent enterprise Crown corporations
 - expected to be repaid by the Government, **2.9, 8.4, 8.5**
- Allowance for employee benefits, **2.9, 8.4, 8.5**
- Allowance for valuation, **6.5, 6.49**
- Annuities agents' pension account, **7.19, 7.24**
- Armed Services—Estates, **7.13, 7.16**
- Army benevolent fund, **7.23, 7.32**
- Asian Development Bank, **6.34, 6.36**
- Assets and liabilities, statement of, **2.8**
- Assisted passage scheme, **6.42, 6.44**
- Atlantic Development Board carry-over projects, **6.25, 6.28**
- Atlantic Provinces Power Development Act, **6.25, 6.29**
- Atomic Energy of Canada Limited, **3.10, 6.9, 6.10**
- AUDITED FINANCIAL STATEMENTS OF THE GOVERNMENT OF CANADA, **2**
- Authorities for transactions, **2.12**
- Aviation gas and diesel fuel, **3.6**

B

- Bank of Canada, **6.10, 6.11**
- Bankruptcy Act
 - income from securities in trust, **7.20, 7.26**
 - securities in trust, **7.20, 7.26**
 - unclaimed dividends and undistributed assets, **7.20, 7.26**
- Benefit fund, **7.13, 7.16**
- Borrowing authorities, **2.14**
- Borrowings by agent enterprise Crown corporations, **6.22**
- Borrowings by consolidated agent Crown corporations, **5.10**
- Borrowings by enterprise Crown corporations, **6.22**
- Borrowings expected to be repaid by these enterprise Crown corporations, **2.9**
- Borrowings of agent enterprise Crown corporations, **2.9**
- Budgetary
 - expenditure, **2.6, 4.3**
 - expenditure in 1989-90, **4.6**
 - revenue, **2.6, 3.3**
 - revenue in 1989-90, **3.8**
 - transactions, **1.6, 2.6**
- BUDGETARY EXPENDITURE, **4**
- BUDGETARY REVENUE, **3**

C

- Canada bills, **2.9, 10.4, 10.12**
 - issues and redemptions, **10.13**
- Canada Business Corporations Act—Unclaimed dividends and undistributed assets, **7.20, 7.26**
- Canada Deposit Insurance Corporation, **2.8, 3.10, 6.6, 6.7**
- Canada Development Investment Corporation, **3.10, 6.10, 6.12**
 - Canadair Limited, **7.11, 7.14**
 - The de Havilland Aircraft of Canada Limited, **7.11, 7.14**
- Canada Employment and Immigration Commission relating to the Unemployment Insurance Account, **5.18**
- Canada Foundation account, **7.21, 7.28**
- Canada/Japan joint study, **7.21, 7.30**
- Canada Mortgage and Housing Corporation, **2.8, 3.10, 6.5, 6.7**
- Canada Pension Plan, **2.17**
- Canada Pension Plan Account, **2.9, 7.4**
- Canada Pension Plan Account and the Canada Pension Plan Investment Fund, **7.33**
- Canada Ports Corporation, **6.10, 6.12**
- Canada Post Corporation, **6.10, 6.12**
 - account, **7.12, 7.15**
- Canada/Provinces livestock drought agreements, **7.19, 7.25**
- Canada/Saskatchewan agricultural community water infrastructure, **7.19, 7.25**
- Canada savings bonds, **2.9, 10.4, 10.10**
 - held on account of employees, **10.4**
 - held on account of the Payroll Savings Plan, **10.4**
- Canadair Limited, **6.42, 6.47, 7.11, 7.14**
- Canadian Broadcasting Corporation, **6.10, 6.12**
- Canadian Centre for Occupational Health and Safety—
 - Donations, **5.13, 5.17**
- Canadian Commercial Bank, **6.42, 6.48**
- Canadian Dairy Commission, **6.10, 6.13**
 - account, **7.11, 7.14**
- Canadian defence industry, **6.42, 6.47**
- Canadian Film Development Corporation,
 - advance account, **7.20, 7.26**
 - special account, **7.11, 7.14**
- Canadian Forces Superannuation Account, **7.8**
- Canadian International Development Agency—Guarantee deposits, **7.21, 7.28**
- Canadian jobs strategy program, **7.20, 7.26**
- Canadian National Railway Company, **2.8, 3.10, 6.5, 6.11**
- Canadian National (West Indies) Steamships Ltd, **6.10, 6.13, 7.13, 7.16**
- Canadian Ownership Account, **5.12, 5.14**
- Canadian Ownership special charge, **3.6**
 - collected, **5.12**
- Canadian producers of frozen groundfish, **6.42, 6.46**
- Canadian Radio-television and Telecommunications Commission—
 - Shared-cost projects, **7.20, 7.26**
- Canadian Saltfish Corporation, **6.10, 6.13**
- Canadian Sports Pool Corporation
 - other outstanding liabilities, **7.22, 7.31**
- Canagrex trust fund, **7.19, 7.25**
- Canarctic Shipping Company Limited, **6.39, 6.40**
- Candidates' election deposits, **7.12, 7.15**
- Cape Breton Development Corporation, **6.10, 6.13**
- Capital leases, **11.12**
- Caribbean Development Bank, **6.36**
- Carman diversion project, **7.19, 7.25**

C—Concluded

- Cartierville airport account, 7.23, 7.32
- Cash, 2.8, 11.6
 - balance at end of year, 1.6, 2.6
 - balance at beginning of year, 2.6
 - Canadian currency deposits, 11.6
 - foreign currency deposits, 11.6
 - in hands of collectors and in transit, 11.4
 - in transit, 2.8, 11.4
- Changes in accounting policies, 2.13
- China, loan to, 6.30
- Civil service insurance fund, 7.19, 7.23
- Claudia de Hueck Bequest Account, 5.13, 5.16
- Commitments under capital lease arrangements, 11.12
 - in order of maturity, 11.13
- Common school funds—Ontario and Quebec, 7.21, 7.28
- Commonwealth War Graves Commission, 6.43, 6.49
- Commun Fund for Commodities, 6.35, 6.38
- Company stock option, 6.42, 6.48
- Comparative Statement of Financial Assets and Liabilities, 1.9
- Comprehensive development plan agreement, 6.25, 6.29
- Computerized space programming methodology, 7.22, 7.31
- Consolidated Crown corporations, 5.3
- CONSOLIDATED ACCOUNTS, 5
- Consolidated specified purpose accounts, 5.12
- Construction of multi-purpose exhibition buildings, 6.41, 6.44
- Consumer and Corporate Affairs—Deposit Account, 7.20, 7.26
- Continental geoscience division—Ontario Hydro, 7.20, 7.27
- Contingent liabilities, 11.15
 - Consolidated Crown corporations, 5.10
 - enterprise Crown corporations, 6.23
 - of the Government of Canada, 2.21
- Contractors' and other holdbacks, 8.6, 8.7
- Contractors' security deposits, 7.12, 7.15
- Contractual commitments, 2.19, 11.10
- Cooperative Energy Corporation, 6.39, 6.40
- Corporation income tax, 2.7, 3.6, 3.8
- Corporation of the City of Montreal, 6.43, 6.49
- Correctional Service—Provincial sales tax, 8.7
- Cost recoverable technical assistance program, 7.21, 7.28
- Cost-shared agreements—Research, 7.19, 7.26
- Council for Yukon Indians, 6.42, 6.46
- Crop reinsurance fund, 5.12, 5.14
- Crown corporations, enterprise, 2.15, 6.5
 - loans, investments and advances, 2.8
- Crown corporations' surplus moneys, 7.11, 7.14
 - St Lawrence Seaway Authority, The, 7.11
- Cultural property, 6.42, 6.44
- Customs import duties, 2.7, 3.6

D

- Defence production loan account, 6.42, 6.49
- Deficit,
 - accumulated, 2.8
 - and the net debt, 1.2
- De Havilland Aircraft of Canada, Limited, 7.11, 7.14
- Dependants' pension fund, 7.19, 7.25
- Deposit account
 - Consumer and Corporate Affairs, 7.20, 7.26
- Deposit and trust accounts, 2.9, 7.11

D—Concluded

- Detailed statement
 - Expenditure transactions, 1.8
 - Foreign exchange, unmatured debt and cash transactions, 1.11
 - Non-budgetary transactions, 1.10
 - Revenue and Expenditures transactions, 1.13
 - Revenue transactions, 1.7
 - Transactions—Certain specified purpose accounts, 1.12
- Details of the consolidation of the government and the consolidated
 - Crown corporations, 5.3
- Details of Transfer Payments by Province, 4.13
- Developing countries—International development assistance, 6.30, 6.31
- Development of export trade, 6.30, 6.33, 6.45
- Diesel Technology Research and Development, 7.20, 7.27
- Domestic coinage, 3.6
- Donations
 - Canadian Centre for Occupation Health and Safety, 5.13, 5.17
 - Donations for research—Medical Research Council, 5.13, 5.16
- Dyskinesia and torticollis research, 7.22, 7.31

E

- Economic summit account, 7.21, 7.28
- Eldorado Mining and Refining Limited—Unpresented capital
 - stock, 8.6, 8.7
- Energy taxes, 2.7
- Enterprise Crown Corporations, 2.15, 6.6
- Environmental Studies Research Funds, 5.12, 5.15
- Eskimo loan fund, 6.42, 6.46
- Estates—Armed services, 7.13, 7.16
- Estates fund, 7.13, 7.17
- Exchange Fund Account
 - audited financial statements, 9.5
- Excise duties, 3.6
- Excise tax—Gasoline, 3.6
 - Aviation gas and diesel fuel, 3.6
- Excise taxes and duties, 2.7, 3.6, 3.9
- Expenditure
 - by type and source, 4.6
 - under statutory authority, 4.10
- Experience development program—Summer employment, 7.20, 7.26
- Export Development Corporation, 2.8, 6.5, 6.8

F

- Factors Affecting the Deficit, 1.3
- Fair wages suspense account, 7.22, 7.30
- Fairs and missions, 7.11, 7.14
- Farm Credit Corporation, 2.8, 3.10, 6.5, 6.8
- Farquharson scholarships, 7.22, 7.31
- Federal Business Development Bank, 2.8, 6.5, 6.9
- Federal Court
 - special account, 7.22, 7.30
- Federal-provincial employment loans program, 6.25, 6.26, 6.27, 6.28
- Federal-provincial fiscal arrangements, 6.25, 6.26, 6.28
- Federal sales tax—Correctional Service, 8.8
- Fees paid in advance—Importation of foreign cattle, 7.19, 7.26
- Field British Columbia and Yukon Operations of the Northern Canada
 - Power Commission, 7.12, 7.14
- Financial assets, 2.8
- Financial assistance under budgetary appropriations to consolidated
 - Crown corporations, 5.11
- Financial assistance under budgetary appropriations to enterprise
 - Crown corporations, 6.24

F—Concluded**FINANCIAL OVERVIEW AND SUPPLEMENTARY FINANCIAL INFORMATION, 1**

- Financial position of consolidated Crown corporations—
 - Assets and Liabilities, 5.6
- Financial position of enterprise Crown corporations—Assets and liabilities, 6.18
- Financial requirements—Factors affecting, 1.5
- Fines—Indian Act, 7.21, 7.29
- Fire safety evaluation system for hospitals, 7.22, 7.31
- Fishing vessel insurance plan, 5.12, 5.15
- Fixed assets, 2.8, 11.8
 - and purchases at March 31, 1990, 11.10
 - purchases and operating leases, 11.10
- Foreign claims fund, 7.21, 7.28
- FOREIGN EXCHANGE ACCOUNTS, 9**
- Foreign exchange accounts, 2.8, 9.3
- Foreign exchange transactions, 1.6, 2.6
- Foreign governments, 7.22, 7.30
- Forestry—Miscellaneous projects deposits, 7.21, 7.29
- Forks sculpture contest account, 7.20, 7.27
- Freshwater Fish Marketing Corporation, 6.10, 6.13

G

- General security deposits, 7.11, 7.14
- Geological survey of Canada—Research agreements, 7.20, 7.27
- Gold, 2.17
- Government Annuities Account, 2.9, 7.4, 7.11, 7.37
- Government of the Northwest Territories, 6.28, 6.29
- Government of the Yukon Territory, 6.28, 6.29
- Grassy Island National Historic Site, 7.20, 7.27
- Great Lakes Fishery Commission—Lamprey research and control, 7.21, 7.28
- Gross domestic product and net debt, 1.3
- Groundfish processors, 6.42, 6.46
- Guarantee deposits
 - Canada Agricultural Products Standards Act, 7.11, 7.14
 - Canadian International Development Agency, 7.21, 7.28
 - Customs and Excise, 7.12, 7.15
 - Energy, Mines and Resources
 - oil and gas, 7.11, 7.14
 - Indian Affairs and Northern Development, 7.12, 7.21
 - reserve resources, 7.12, 7.14
 - rotating herds, 7.12, 7.14

H

- Haddock fishermen, 6.42, 6.46
- Halifax 1917 explosion pension account, 7.13, 7.15
- Halifax Port Corporation, 6.10, 6.14
- Hamilton Harbour Commissioners, 6.43, 6.49
- Harbourfront capital account, 7.12, 7.15
- Health insurance supplementary account, 5.12, 5.15
- Hungarian medical school projects, 5.13, 5.17
- Hydro-Quebec Research Institute, 6.42, 6.44

I

- Immigration guarantee fund, 7.11, 7.14
- Importation of Dutch bulbs, 7.19, 7.26
- Importation of foreign cattle—Fees paid in advance, 7.19, 7.26
- Imprest account cheques, 8.5
- Imprest accounts, standing advances and authorized loans, 6.41, 6.43
- Income from Patent Cooperation Treaty, 7.20, 7.26
- Income from securities in trust—Bankruptcy Act, 7.20, 7.26
- Indian
 - agencies revenue trust bank accounts, 7.21, 7.29
 - band funds, 7.13, 7.15
 - capital accounts, 7.13
 - revenue accounts, 7.13
 - shares and certificates, 7.21, 7.29
 - compensation funds, 7.21, 7.29
 - contributions to the subsidy housing program, 7.12, 7.15
 - economic development fund, 6.42, 6.46
 - estate accounts, 7.13, 7.16
 - housing assistance fund, 6.42, 6.47
 - moneys suspense account, 7.21, 7.29
 - savings accounts, 7.13, 7.16
 - special accounts, 7.21, 7.29
- Indian Affairs and Northern Development—Guarantee deposits, 7.12, 7.14
- Industrial and regional development program, 6.42, 6.48
- Inmates' trust fund, 7.13, 7.16
- Insurance Accounts, 5.12, 5.15
- Insurance and death benefit accounts, 7.19
- Insurance companies—Interest on bonds, 7.22, 7.32
- Insurance programs, 2.20
- Insurance programs of agent enterprise Crown corporations, 11.14
- Inter-American Development Bank, 6.36, 6.37
- Interest
 - accrued, 8.4
 - due, 8.4
 - on bonds—Insurance companies, 7.22, 7.32
 - rates, unmatured debt, 10.13
- Interest and matured debt, 2.9, 8.4
- International agencies—Travel account, 7.21, 7.28
- International Bank for Reconstruction and Development (World Bank), 6.36, 6.37
- International Development Assistance, 6.30, 6.31
 - loans, subscriptions, contingent liabilities and commitments, 2.17
- International Development Association, 6.36, 6.37
- International Finance Corporation, 6.35, 6.37
- International financial institutions, 6.35, 6.37
- International Monetary Fund
 - Enhanced structural adjustment facility, 6.35, 6.38
 - notes payable, 9.3, 9.4
 - subscriptions, 2.8, 9.3, 9.4
- International Natural Rubber Agreement, 6.35, 6.38
- International organizations, 2.8, 6.5, 6.35
- International organizations and associations, 6.35, 6.38
- International reserves held in the Exchange Fund Account, 2.8, 9.3
- International Tin Council, 6.35, 6.38
- Intervenor funding program, 7.20, 7.27
- Inuvialuit Regional Corporation, 6.42, 6.47
- Inuvik General Hospital, 5.13, 5.16
- Investors' indemnity account, 5.12, 5.15

J

- Jamaica—Economic assistance, 6.30
- Joint and mixed enterprises, 2.8
 - loans, investments and advances, 2.8, 6.5, 6.39
- Joint venture—Bi-Provincial Upgrader, 6.42, 6.44

L

- Labour Standards suspense account, 7.22, 7.30
- Lamprey research and control, Great Lakes Fishery Commission, 7.21, 7.28
- Land assurance fund, 5.12, 5.15
- Lending institutions, loans, investments and advances to enterprise Crown corporations, 2.8, 6.5, 6.6
- Liabilities, 2.9
 - statement of assets and, 2.8
- LOANS, INVESTMENTS AND ADVANCES, 6
- Loans, investments and advances, 1.10
- Loans to assist industry in the Cape Breton area, 6.41, 6.44
- Locally-engaged contributory pension account, 7.19, 7.25
- Lower Churchill Development Corporation Limited, 6.39, 6.40

M

- Mackenzie King trust account, 7.20, 7.27
- Manufacturing, processing and service industries in Canada, 6.42, 6.48
- Marconi celebration trust fund, 5.13, 5.16
- Market development incentive payments—Alberta, 7.20, 7.27
- Marketable bonds, 2.9, 10.4
 - payable in Canadian currency, 2.9
 - payable in foreign currencies, 2.9
- Matured debt, 8.4
- Maturity and currency of borrowings by enterprise Crown corporations, 6.23
- Maturity of Government Debt, 10.14
- Members of Parliament retiring allowances account, 7.19, 7.25
- Meritorious graduate awards, 7.13, 7.16
- Military purchases excess funds deposit, 7.22, 7.32
- Mingan Associates, Ltd, 6.10, 6.14
- Miscellaneous accountable advances, 6.41, 6.43
- Miscellaneous accountable imprest and standing advances, 6.41, 6.43
- Miscellaneous departmental payroll deductions, 8.6, 8.7
- Miscellaneous loans, investments and advances, 2.8, 6.5, 6.41
- Miscellaneous projects' deposits
 - Energy, Mines and Resources, 7.20, 7.27
 - Environment, 7.20, 7.27
 - Fisheries and Oceans, 7.21, 7.29
 - Forestry, 7.21, 7.29
- Missions abroad, 6.41, 6.43
- Moneys received after March 31 but applicable to the current year, 11.4
- Montreal Port Corporation, 6.10, 6.14
- Multilateral Investment Guarantee Agency, 6.35, 6.37
- Municipal Development and Loan Board, 6.25, 6.26, 6.27, 6.28

N

- National accounts presentation, 1.13
- National Archives of Canada Account, 5.13, 5.17
 - Provincial Sales Tax, 8.7
- National Battlefields Commission trust fund, 5.13, 5.16
- National forestry awareness campaign, 7.21, 7.29
- National governments including developing countries
 - loans, investments and advances, 2.8, 6.5, 6.30
- National Library—Special Operating Account, 5.13, 5.17
 - Provincial sales tax, 8.7
- National Museums of Canada—Consolidated specified purpose account, 5.13, 5.16
- National Physician data base 7.22, 7.31
- National Research Council—Trust Fund, 7.21, 7.30
 - Special Fund, 7.21, 7.30

N—Concluded

- National Round Table on the Environment and Economy, 5.13, 5.17
- National Sea Products Ltd, 6.39, 6.40
- Native claimants, 6.42, 6.47
- NATO, see North Atlantic Treaty Organization
- Natural gas and gas liquids tax, 3.6
- Natural Sciences and Engineering Research Council—Trust Fund, 5.13, 5.16, 7.21, 7.30
- Newfoundland and Labrador Development Corporation Limited, 6.39, 6.40
- "Nobody's perfect"—Shared-cost project, 7.22, 7.31
- Non-budgetary transactions, 1.5, 1.6, 2.6
- Non-government agencies, 7.22, 7.30
- Non-resident income tax, 2.7, 3.6, 3.8
- Non-tax revenue, 2.7, 3.6, 3.9
- Non-tax revenue receivable, 11.2
- North Atlantic Treaty Organization, (NATO), 7.22, 7.30
 - damage claims recoverable, 6.30, 6.34
- North Portage Development Corporation, 6.39, 6.40
- Northern Transportation Company Limited, 6.43, 6.49
- Notes and loans, 2.9, 10.4, 10.12
- Notes to the Financial Statements of the Government of Canada, 2.11
- Nova-Scotia offshore revenue account, 7.20, 7.27
- N P M Nuclear Project Managers Canada Inc, 6.39, 6.41
- Nuclear liability reinsurance account, 5.12, 5.15
- NYSERDA—Diesel Technology Research and Development, 7.20, 7.27

O

- Oil export charges, 3.6
- 1924 Ontario lands agreement, 7.21, 7.29
- Opinion of the Auditor General on the financial statements of the Government of Canada, 2.22
- Other accounts reported on the Statement of Assets and Liabilities, 11.2
- Other cash—Consolidated Crown corporations, 11.4
- OTHER INFORMATION RELATED TO THE FINANCIAL STATEMENTS, 11
- OTHER LIABILITIES, 8
- Other liabilities, 2.9, 8.4
 - miscellaneous, 8.4, 8.6
- Other non-tax revenue, 2.7, 3.6, 3.11
- Other outstanding liabilities—Canadian Sports Pool Corporation, 7.22, 7.31
- Other specified purpose accounts, 5.16, 7.4, 7.19
- Other tax revenue, 2.7, 3.6
- Ottawa Civil Service Recreational Association, 6.42, 6.45
- Outstanding cheques, 8.5
- Outstanding cheques and warrants, 2.9, 8.4, 8.5

P

- Parolees, 6.42, 6.48
- Percentage of gross domestic product
 - expenditure, 1.4
 - net debt, 1.3
 - revenue, 1.4
- Personal income tax, 2.7, 3.6, 3.8
- Personnel posted
 - abroad, 6.41, 6.43
 - in Canada, 6.41, 6.43
- Petro-Canada, 2.8, 6.5, 6.11
- Petro-Canada Enterprises Inc—Shares, 7.22, 7.32
- Petroleum and gas revenue tax, 3.6
- Petroleum compensation charge, 3.6

P—Concluded

Port Alberni Harbour Commission, 6.43, 6.49
 Post occupancy evaluation methodology, 7.22, 7.31
 Presentation of Expenditure by Standard object, 2.14
 Prince Rupert Port Corporation, 6.10, 6.14
 Privileges, licences and permits, 3.6
 Proceeds from sales, 3.6
 Promotion of official languages, 7.22, 7.31
 Provincial and territorial governments
 loans, investments and advances, 2.8, 6.5, 6.25
 Provincial sales tax
 Correctional Service, 8.7
 Energy, Mines and Resources, 8.7
 National Archives of Canada, 8.7
 National Library, 8.7
 Royal Canadian Mounted Police, 8.7
 Provincial tax collection agreements account, 2.9, 7.4, 7.18
 Provincial workers' compensation boards, 6.42, 6.48
 Public accounts and National accounts reconciliation, 1.14
 Public accounts presentation, 1.6
 Comparative Statement of Financial Assets and Liabilities, 1.9
 Detailed Statement of Expenditure Transactions, 1.8
 Detailed Statement of Foreign Exchange, unmatured debt and cash transactions, 1.11
 Detailed Statement of non-budgetary transactions, 1.10
 Detailed Statement of Revenue and Expenditure Transactions, 1.13
 Detailed Statement of Revenue Transactions, 1.7
 Detailed Statement of Transactions—Certain specified purpose account, 1.12
 Public debt charges, 4.8
 Public Service death benefit account, 7.19, 7.24
 Public Service Superannuation Account, 7.7, 7.38
 Public Works—Shared-cost projects, 7.22, 7.31

Q

Queen's Fellowship fund—Social Sciences and Humanities Research Council, 7.22, 7.32

R

Radarsat, 7.21, 7.29
 Receiver General
 current deposits, 11.6
 special deposits, 11.6
 Refundable Tax Credits, 2.14
 Refunds of previous years' expenditure, 3.6
 Regional electrical interconnections, 6.25, 6.26, 6.27, 6.29
 Regular forces death benefit account, 7.19, 7.23
 Research—Cost-shared agreements, 7.19, 7.26
 Retirement fund, 7.19, 7.25
 Return on investments, 2.7, 3.6, 3.9
 Returned soldiers' insurance fund, 7.19, 7.24
 Revenue, 2.7
 by main classification and source, 3.3, 3.6
 non-tax, 3.6
 revenue and expenditure, statement of, 2.7
 tax, 3.6
 Revenue and expenditure as a percentage of gross domestic product, 1.4
 Revenue, expenditure and the deficit, 1.4
 Revenues, expenses and other changes in equity of enterprise Crown corporations, 6.20

R—Concluded

Revenue, expenses and other changes in equity of consolidated Crown corporations, 5.8
 Review of liability and compensation issues in health care, 7.22, 7.31
 Royal Canadian Mint, 6.10, 6.14
 account, 7.12, 7.15
 Royal Canadian Mounted Police
 benefit fund, 7.13
 dependants' pension fund, 7.19
 Superannuation Account, 7.7, 7.9

S

Safety evaluation of chemicals, 7.22, 7.31
 Saint John Harbour Bridge Authority, 6.42, 6.46
 Saint John Port Corporation, 6.10, 6.15
 St John's Port Corporation, 6.10, 6.15
 St Lawrence Seaway Authority, The, 7.11
 Ste-Anne's Hospital, 7.23, 7.32
 Sales tax, 2.7, 3.6
 Scholastic awards, 7.13, 7.16
 Securities held by the Canada Pension Plan Investment Fund, 2.9, 7.4
 Security for costs, 7.12, 7.15
 Security in trust—Bankruptcy Act, 7.20, 7.26
 Selected important transfer payments by province, 4.13
 Services and service fees, 3.6
 Shared-cost projects, 7.20, 7.22, 7.27, 7.31
 Canadian Radio-television and Telecommunications, 7.20, 7.26
 "Nobody's perfect", 7.22, 7.31
 Ship Oil Pollution Fund, 5.12, 5.16
 Significant accounting policies, 2.11
 Sioux Lookout Zone Hospital, 5.13, 5.16
 Social Sciences and Humanities Research Council—Queen's Fellowship fund, 7.22, 7.32
 Société Inter-Port de Québec, 6.39, 6.41
 Special areas and highways agreement, 6.25, 6.26, 6.27, 6.28
 Special development loans program, 6.25, 6.26, 6.27, 6.28
 Special Drawing Rights allocations, 2.8, 9.3, 9.4
 Special fund
 National Research Council, 7.21, 7.30
 Special non-marketable bonds, 10.10, 10.11
 issued to the Canada Pension Plan Investment Fund, 2.9, 10.4
 Special operating account
 National Library, 5.13, 5.17
 SPECIFIED PURPOSE ACCOUNTS, 7
 Specified purpose accounts, 7.2
 Public Works, 7.22, 7.31
 Spending and Borrowing Authorities, 2.13
 Statement of accumulated deficit in terms of total liabilities and total financial assets, 11.8
 Statement of all Borrowing Transactions on behalf of Her Majesty, 10.15
 Statement of assets and liabilities, 2.8
 Statement of contingent liabilities as at March 31, 1990, 11.15
 Statement of responsibility, 2.5
 Statement of revenue and expenditure, 2.7
 Statement of transactions, 2.6
 Summary combined financial statements of enterprise Crown corporations by segment, 6.17
 Summary financial statements of consolidated Crown corporations, 5.5

S—Concluded

Summary financial statements of enterprise Crown corporations, **6.16**
 Summary of insurance programs of agent enterprise Crown corporations as at March 31, 1990, **11.14**
 Summary of transactions in superannuation accounts that resulted in charges to budgetary expenditure, **7.7**
 Summer employment—Experience development program, **7.20, 7.26**
 Superannuation accounts, **2.9, 2.18, 7.6, 7.7,**
 Supplementary Financial Information, **1.6**
 Supplementary Retirement Benefits Account, **7.10**
 Suspense accounts, **8.7, 8.8**
 Sydney Steel Corporation, **6.42, 6.48**

T

Tax revenue, **2.7, 3.6, 3.8**
 Ted Harrison poster fund, **5.13, 5.16**
 Telesat Canada, **6.39, 6.41**
 Temporary deposits received from importers, **7.12, 7.15**
 The de Havilland Aircraft of Canada Limited—Canada Development Investment Corporation, **7.11, 7.14**
 Thunder Bay Harbour Commission, **6.43, 6.49**
 Town of Oromocto, Development Corporation, **6.42, 6.46**
 Transactions in the unemployment insurance account, **5.14**
 Transfer Payments, **2.15, 4.12**
 by type of transfer, **4.12**
 Travel Account—International Agencies, **7.21, 7.28**
 Treasury bill(s), **2.9, 10.4, 10.11**
 average yields at tender, **10.14**
 issues and redemptions, **10.11**
 Trust fund
 National Research Council, **7.21, 7.30**
 Natural Sciences and Engineering Research Council, **7.21, 7.30**
 Social Sciences and Humanities Research Council, **7.22, 7.32**

U

Unamortized discount on
 Canada bills, **2.9, 8.4, 8.5**
 Treasury bills, **2.9, 8.4, 8.5**
 Unclaimed dividends and undistributed assets
 Bankruptcy Act, **7.20, 7.26**
 Canada Business Corporations Act, **7.20, 7.26**
 Winding-up Act, **7.20, 7.26**
 Unemployment Insurance Account, **5.12**
 Unemployment Insurance contributions, **2.7, 3.6, 3.8**
 Unemployment Insurance warrants, **8.5**
 United Kingdom, **6.30**
 United Kingdom Financial Agreement Act, 1946, The, **6.30**
UNMATURED DEBT, 10
 Unmatured debt, **2.19**
 as at March 31, from 1986 to 1990, with the average rate of interest thereon, **10.13**
 payable in Canadian currency, **2.9**
 payable in foreign currencies, **2.9**
 transactions, **1.6, 2.6**

V

Vancouver Port Corporation, **6.10, 6.15**
 Veterans administration and welfare trust fund, **7.13, 7.17**
 Veterans care trust accounts, **7.13, 7.17**
 Veterans' insurance fund, **7.19, 7.24**
 Veterans' Land Act Fund
 advances less allowance for conditional benefits, **2.8, 6.5, 6.38**
 VIA Rail Canada Inc, **6.10, 6.15**

W

War claims fund—World War II, **7.21, 7.28**
 Western Grain Stabilization Account, **5.12, 5.14**
 Winding-up Act—Unclaimed dividends and undistributed assets, **7.20, 7.26**
 Winter capital projects fund, **6.25, 6.26, 6.27**
 World Health Organization, **7.22, 7.31**
 Work orientation workshops program, **7.20, 7.27**

Y

Yukon Energy Corporation, **6.42, 6.47**
 Yukon Territory small business loans, **6.28, 6.29**

FEB 27 1991

